

TRANSPORTATION

Budget Summary							
Fund	2002-03 Base Year Doubled	2003-05 Governor	2003-05 Jt. Finance	2003-05 Legislature	2003-05 Act 33	Act 33 Change Over Base Year Doubled	
						Amount	Percent
GPR	\$119,400	\$337,800	\$37,788,100	\$37,788,100	\$237,600	\$118,200	99.0%
FED	1,432,644,400	1,213,344,000	1,357,241,600	1,357,241,600	1,234,665,400	- 197,979,000	- 13.8
PR	9,822,200	8,856,800	9,879,200	7,679,200	7,679,200	- 2,143,000	- 21.8
SEG	2,539,892,400	2,113,155,700	2,132,927,000	2,132,927,000	2,001,478,600	- 538,413,800	- 21.2
SEG-L	144,412,400	146,723,200	141,734,700	143,934,700	143,934,700	- 477,700	- 0.3
SEG-S	328,762,200	770,432,900	350,213,800	350,213,800	350,213,800	21,451,600	6.5
TOTAL	\$4,455,653,000	\$4,252,850,400	\$4,029,784,400	\$4,029,784,400	\$3,738,209,300	- \$717,443,700	- 16.1%
BR		\$1,170,835,500	\$687,098,500	\$687,098,500	\$1,210,016,400		

FTE Position Summary						
Fund	2002-03 Base	2004-05 Governor	2004-05 Jt. Finance	2004-05 Legislature	2004-05 Act 33	Act 33 Change Over 2002-03 Base
FED	974.55	965.00	884.20	884.20	884.20	- 90.35
PR	16.00	20.00	16.00	16.00	16.00	0.00
SEG	2,935.78	2,626.83	2,715.63	2,715.63	2,715.63	- 220.15
SEG-S	16.00	24.00	24.00	24.00	24.00	8.00
TOTAL	3,942.33	3,635.83	3,639.83	3,639.83	3,639.83	- 302.50

Budget Change Items

Transportation Finance

1. TRANSPORTATION FUND CONDITION STATEMENT [LFB Paper 735]

The following fund condition statement is based on transportation fund revenues and appropriations under Act 33 and the estimate that motor fuel tax rates will increase under statutory indexing provisions from 28.5 cents per gallon currently to 29.1 cents per gallon on April 1, 2004, and 29.6 cents per gallon on April 1, 2005.

	<u>2003-04</u>	<u>2004-05</u>
Unappropriated Balance, July 1	\$22,211,700	\$1,431,900
Revenues		
Motor Fuel Tax	\$926,000,600	\$984,196,600
Vehicle Registration Fees	429,079,400	448,542,100
Less Revenue Bond Debt Service	-127,229,000	-141,067,800
Driver's License Fees	29,458,100	29,757,700
Miscellaneous Motor Vehicle Fees	21,830,000	22,229,500
Aeronautical Fees, Taxes, and General Fund Transfer	7,464,400	10,179,600
Railroad Property Taxes	12,863,300	13,573,800
Motor Carrier Fees	3,000,000	3,000,000
Investment Earnings	5,346,300	8,100,400
Miscellaneous Departmental Revenues	<u>15,215,800</u>	<u>22,615,800</u>
Total Annual Revenues	\$1,323,028,900	\$1,401,127,700
 Total Available	 \$1,345,240,600	 \$1,402,559,600
Appropriations, Reserves, and Fund Transfers		
DOT Appropriations	\$943,831,800	\$1,056,881,200
Shared Revenue Payments	230,000,000	170,000,000
K-12 Equalization Aids	40,000,000	60,000,000
Other Agency Appropriations	20,594,300	21,357,800
Less Estimated Lapses	-1,000,000	-1,000,000
Transfer to the General Fund	100,135,000	75,135,000
Compensation and Other Reserves	<u>10,247,600</u>	<u>19,813,700</u>
Net Appropriations, Reserves, and Transfers	\$1,343,808,700	\$1,402,187,700
 Unappropriated Balance, June 30	 \$1,431,900	 \$371,900

2. FEDERAL HIGHWAY FORMULA AID [LFB Paper 736]

Governor: Reestimate federal highway formula aid at \$501,800,100 in 2003-04 and \$527,100,100 in 2004-05. These amounts represent decreases of \$65,199,900 in 2003-04 and \$39,899,900 in 2004-05 from the total amount of formula aid reflected in DOT's 2002-03 federal appropriations by the 2001-03 biennial budget act. The following table shows, by appropriation, how the bill would allocate federal aid during 2003-05. The first column shows the base level for each appropriation, doubled to provide a biennial comparison. The base amounts for the state highway rehabilitation and southeast Wisconsin freeway rehabilitation appropriations reflect the action of the Joint Committee on Finance, pursuant to a provision of 2001 Act 109, to transfer base funds (\$27,142,500) from the former to the latter in order to move funding that was allocated within the state highway rehabilitation appropriation for rehabilitation projects on southeast Wisconsin freeways to the southeast Wisconsin freeway rehabilitation appropriation. This appropriation has also been adjusted to remove one-time, interstate cost estimate (ICE) funds (\$62,400,000) that had been provided in 2002-03 for the Marquette Interchange reconstruction project. The second and third columns show the funding recommended by the Governor and the change to the base doubled.

<u>Appropriation</u>	<u>Appropriation Base Doubled</u>	<u>2003-05 Governor</u>	<u>Change to Base Doubled</u>
Local Transportation Facility Improvement	\$151,439,400	\$137,403,900	-\$14,035,500
Local Bridge Improvement	52,576,400	47,703,600	-4,872,800
Congestion Mitigation/Air Quality Improvement	24,997,000	22,680,300	-2,316,700
Transportation Enhancements Grants	13,460,400	12,212,900	-1,247,500
Surface Transportation Grants	5,440,000	4,935,800	-504,200
Railroad Crossing Improvements	7,098,600	6,440,800	-657,800
Major Highway Development	115,897,000	59,931,400	-55,965,600
State Highway Rehabilitation	608,090,600	544,578,300	-63,512,300
Southeast Wisconsin Freeway Rehabilitation	110,135,600	150,559,400	40,423,800
Highway Maintenance and Traffic Operations	2,388,000	2,118,700	-269,300
Highway Administration and Planning	8,110,000	7,195,400	-914,600
Departmental Management and Operations	20,496,200	18,184,800	-2,311,400
Rail Passenger Service	6,361,200	8,633,200	2,272,000
Motor Vehicle Emission Inspection and Maintenance	<u>7,509,600</u>	<u>6,321,700</u>	<u>-1,187,900</u>
Total	\$1,134,000,000	\$1,028,900,200	-\$105,099,800

Total estimated federal highway aid would decrease, relative to the base, by 11.5% in 2003-04 and 7.0% in 2004-05. The bill would decrease the first six appropriations in the table, which are generally for programs that provide transportation grants for local governments, by these percentages. Two other appropriations that are used for the payment of contracts for specific services, the appropriations for rail passenger service and motor vehicle emission inspection and maintenance, would be adjusted to reflect changes in these contracts. The appropriations for departmental management and operations, highway administration and planning, and highway maintenance and traffic operations would each be decreased, relative to the base, by 14.9% in 2003-04 and 7.6% in 2004-05. The appropriations for state highway rehabilitation and major highway development would be reduced as part of a proposal to decrease overall funding for these programs. Some of the reductions in FED and SEG funds in these programs would be offset by increases in the use of transportation revenue bonds for these programs. The federal appropriation for southeast Wisconsin freeway rehabilitation would be increased to provide funding for the Marquette Interchange reconstruction project.

The actual appropriation amounts for departmental management and operations and highway administration and planning are higher than the amounts shown in the table because these appropriations receive federal funds other than federal highway formula funds.

Joint Finance/Legislature: Increase estimated federal highway formula aid by \$66,879,900 in 2003-04 and \$52,835,900 in 2004-05, based on the nationwide total level of formula aid contained in the Congressional budget resolution for federal fiscal years 2004 and 2005. The state's total federal highway formula aid would be estimated at \$568,680,000 in 2003-04 and \$579,936,000 in 2004-05.

The following table shows the biennial distribution of federal highway formula aid under the Joint Committee on Finance's substitute amendment and compares this allocation to the appropriation base (doubled for purposes of comparison) and the Governor's recommendations. The changes to the Governor's allocation reflect the following: (a) a decision to provide increases of \$84,287,100 in 2003-04 and \$55,520,700 in 2004-05 for the state highway rehabilitation appropriation as part of an initiative to restore funding that had been reduced under the Governor's bill for rehabilitation projects; (b) a decision to provide \$8,843,800 in 2004-05 for the southeast Wisconsin freeway rehabilitation appropriation as part of an initiative to provide an additional \$50,000,000 (\$8,843,800 FED and \$41,156,200 SEG) in funding for the Marquette Interchange reconstruction project; (c) a decision to replace federal formula funds in the amounts of \$14,000,000 in 2003-04 and \$8,000,000 in 2004-05 in the southeast Wisconsin freeway rehabilitation appropriation with equal amounts of estimated federal earmarks for the Marquette Interchange project (the earmarks are not shown in the table since only formula funds are shown); (d) a decision to eliminate funding (\$2,407,200 in 2003-04 and \$2,528,600 in 2004-05) for the surface transportation grant program; and (e) a decision to eliminate funding (\$1,000,000 annually) for a program that transfers federal highway funds to DOA for making grants to local governments for preparing transportation plans as an element of their comprehensive plans. The appropriation for highway administration and planning was also reduced by \$9,100 annually to reflect a decision to delete increases provided for the fifth week of vacation as cash standard budget adjustment. These amounts, however, were not reallocated to other appropriations, so the totals shown in the table are \$18,200 below the total estimated federal formula aid amounts.

Non-formula funds were provided for the southeast Wisconsin freeway rehabilitation appropriation (for estimated Marquette Interchange earmarks) and for state highway rehabilitation (for estimated incentive grant funds under a federal program that provides funding in federal fiscal year 2003 to states that pass a 0.08 blood alcohol content law prior to July 15). These amounts are reflected in the Chapter 20 appropriations, but are not shown in the table.

<u>Appropriation</u>	<u>Joint Finance</u>	<u>Joint Finance Change to Base Doubled</u>	<u>Joint Finance Change to Governor</u>
Local Transportation Facility Improvement	\$137,403,900	-\$14,035,500	\$0
Local Bridge Improvement	47,703,600	-4,872,800	0
Congestion Mitigation/Air Quality Improvement	22,680,300	-2,316,700	0
Transportation Enhancements Grants	12,212,900	-1,247,500	0
Surface Transportation Grants	0	-5,440,000	-4,935,800
Railroad Crossing Improvements	6,440,800	-657,800	0
Major Highway Development	59,931,400	-55,965,600	0
State Highway Rehabilitation	684,386,100	76,295,500	139,807,800
Southeast Wisconsin Freeway Rehabilitation	137,403,200	27,267,600	-13,156,200
Highway Maintenance and Traffic Operations	2,118,700	-269,300	0
Highway Administration and Planning	7,177,200	-932,800	-18,200
Departmental Management and Operations	16,184,800	-4,311,400	-2,000,000
Rail Passenger Service	8,633,200	2,272,000	0
Motor Vehicle Emission Inspection and Maintenance	<u>6,321,700</u>	<u>-1,187,900</u>	<u>0</u>
Total	\$1,148,597,800	\$14,597,800	\$119,697,600

Veto by Governor [B-33]: Delete \$74,799,600 in 2003-04 and \$47,776,600 in 2004-05 in the appropriation for state highway rehabilitation by deleting the FED amounts provided for the program (\$351,826,500 in 2003-04 and \$334,759,600 in 2004-05) and writing in smaller amounts (\$277,026,900 in 2003-04 and \$286,983,000 in 2004-05). In his veto message, the Governor indicates that he will, under "existing administrative authority," direct the DOT Secretary to reallocate the amounts reduced from the state highway rehabilitation program to the major highway development program. The fiscal effect of this veto is summarized under "State Highway Rehabilitation" in the State Highway Program section.

Although the write-down veto of the FED appropriation for the state highway rehabilitation program is reflected in the appropriations schedule, the reallocation of these funds to the major highway development program at the direction of the Governor is not. Consequently, although the total amount of federal formula aid to be received by the state remains \$568,680,000 in 2003-04 and \$579,936,000 in 2004-05, the amount reflected in the appropriations schedule in Act 33 is \$493,871,300 in 2003-04 and \$532,150,300 in 2004-05. These totals are a reflection of the write-down veto and a decision of the Joint Committee on Finance to reduce the appropriation for highway administration and planning by \$9,100 annually to reflect a decision to delete increases provided for the fifth week of vacation as cash standard budget adjustment.

3. REGISTRATION FEES FOR AUTOMOBILES [LFB Paper 737]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$53,163,300	\$7,348,400	\$60,511,700

Governor: Increase the annual registration fee for automobiles by \$10, from \$45 currently, to \$55 (this would also apply to human service vehicles and certain school buses, which have their registration fees set at the same level as that for automobiles). Increase estimated transportation fund revenues by \$17,437,000 in 2003-04 and \$35,726,300 in 2004-05 to reflect this increase. These revenue estimates assume an effective date of January 1, 2004, although there is no delayed effective date specified in the bill.

Joint Finance/Legislature: Specify that the \$10 fee increase would first apply to applications submitted for registration periods that begin on October 1, 2003. Increase estimated transportation fund revenues by \$8,150,200 in 2003-04 and decrease estimated transportation fund revenues by \$801,800 in 2004-05 to reflect the net effect of a revenue reestimate under the bill (-\$378,900 in 2003-04 and -\$801,800 in 2004-05) and the October 1, 2003, effective date (\$8,529,100 in 2003-04). Total revenue increases from the fee increase are estimated at \$25,587,200 in 2003-04 and \$34,924,500 in 2004-05.

[Act 33 Sections: 2516 and 9353(4q)]

4. VEHICLE TITLE FEE [LFB Paper 737]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$22,500,000	\$3,750,000	\$26,250,000

Governor: Increase the fee for the issuance of a new vehicle title and the fee for a vehicle title transfer by \$10, from \$8.50 currently, to \$18.50. Increase estimated transportation fund revenues by \$7,500,000 in 2003-04 and \$15,000,000 in 2004-05 to reflect these increases. These revenue estimates assume an effective date of January 1, 2004, although there is no delayed effective date specified in the bill.

For most new title and title transfer transactions, current law requires the applicant to pay, in addition to the regular title fee that would be increased by this item, an additional \$7.50 supplemental title fee, which is also deposited in the transportation fund, and a \$9 environmental impact fee, which is deposited in the environmental fund. A separate item, which is summarized under the Department of Natural Resources, would increase the environmental impact fee to \$10.50. Consequently, under current law, most title transactions require a total fee of \$25 (\$8.50 regular title fee, \$7.50 supplemental title fee, and \$9 environmental impact fee). Under the bill, the total fee would increase to \$36.50 (\$18.50 regular title fee, \$7.50 supplemental title fee, and \$10.50 environmental impact fee).

Joint Finance/Legislature: Specify that the \$10 fee increase would first apply to applications submitted on October 1, 2003. Increase estimated transportation fund revenues by \$3,750,000 in 2003-04 to reflect the October 1, 2003, effective date.

[Act 33 Sections: 2518, 2520, and 9353(4r)]

5. TRANSFER FROM TRANSPORTATION FUND TO GENERAL FUND

	Governor/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
GPR-REV	\$30,000,000	\$145,000,000	\$175,000,000
SEG-Transfer	\$30,000,000	\$145,000,000	\$175,000,000

Governor: Transfer \$15,000,000 annually from the transportation fund to the general fund. According to the administration, this transfer is accomplished through reductions to various DOT appropriations reflecting a set of measures that are summarized separately under the respective programmatic areas. The following table provides a summary of the funding reductions associated with these measures.

<u>Reduction Item</u>	<u>2003-04</u>	<u>2004-05</u>
Highway Program Consultant Budget Reduction	\$3,993,100	\$4,624,900
Department-Wide Position Reductions	3,175,700	4,505,600
LTE Budget Reduction in Various Divisions	2,360,900	2,360,900
Freight Rail Infrastructure Improvement SEG Reduction	2,079,800	2,079,800
DMV and State Patrol Recruit Class Elimination	1,961,700	0
Space Renovation Budget Elimination	535,000	535,000
License Plate Replacement Budget Elimination	513,200	513,200
Department-Wide Out-of-State Travel Budget Reduction	200,500	200,500
State Patrol Aerial Enforcement Elimination	<u>180,100</u>	<u>180,100</u>
Total	\$15,000,000	\$15,000,000

In addition to the transfer of funds summarized under this item, the bill would create three new, transportation fund appropriations in other agencies (summarized in the respective agencies) to support functions that are currently funded with general fund revenues. The following table summarizes this item and the amounts under these new appropriations.

	<u>2003-04</u>	<u>2004-05</u>	<u>Biennial Total</u>
Transfer to General Fund	\$15,000,000	\$15,000,000	\$30,000,000
Shared Revenue Payments	230,000,000	170,000,000	400,000,000
K-12 Equalization Aid Payments	40,000,000	60,000,000	100,000,000
Car-Kill Deer (DNR)	<u>402,100</u>	<u>414,600</u>	<u>816,700</u>
Total	\$285,402,100	\$245,414,600	\$530,816,700

Joint Finance/Legislature: Modify the provision to transfer \$30,000,000 in 2004-05 only, instead of \$15,000,000 annually.

In addition to making this change, the Joint Committee on Finance deleted the proposed use of transportation funds for the DNR car-kill deer program and required the lapse to the general fund of SEG amounts related to deleting funding for the fifth week of vacation as cash adjustment. The following table summarizes the uses of transportation funds to assist the general fund under the Committee's substitute amendment.

	<u>2003-04</u>	<u>2004-05</u>	<u>Biennial Total</u>
Transfer to General Fund	\$0	\$30,000,000	\$30,000,000
Shared Revenue Payments	230,000,000	170,000,000	400,000,000
K-12 Equalization Aid Payments	40,000,000	60,000,000	100,000,000
Fifth Week of Vacation Lapse	<u>135,000</u>	<u>135,000</u>	<u>270,000</u>
Total	\$270,135,000	\$260,135,000	\$530,270,000

Veto by Governor [B-33]: Increase the amount of the transfer over the biennium by \$145,000,000. The Governor accomplishes this change by deleting selective words from the transfer provision, as well as selected digits from an adjacent, separate provision that would have required the DOT Secretary to lapse a total of \$175,000 annually from certain DOT administrative appropriations to the transportation fund, to create a total transfer figure of \$175,000,000. As vetoed, the transfer provision does not specify in which fiscal year the transfer will be made, although the Governor indicates, in his veto address, that \$100,000,000 will be transferred in 2003-04 and \$75,000,000 will be transferred in 2004-05.

The following table summarizes the uses of transportation funds to assist the general fund under Act 33.

	<u>2003-04</u>	<u>2004-05</u>	<u>Biennial Total</u>
Transfer to General Fund	\$100,000,000	\$75,000,000	\$175,000,000
Shared Revenue Payments	230,000,000	170,000,000	400,000,000
K-12 Equalization Aid Payments	40,000,000	60,000,000	100,000,000
Fifth Week of Vacation Lapse	<u>135,000</u>	<u>135,000</u>	<u>270,000</u>
Total	\$370,135,000	\$305,135,000	\$675,270,000

[Act 33 Section: 9253(1)]

[Act 33 Vetoed Sections: 9253(1)&(1x)]

6. REVENUE BONDING INCREASES [LFB Paper 738]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
BR	\$1,163,335,500	- \$820,819,100	\$342,516,400

Governor: Provide increased revenue bonding authority of \$1,163,335,500 for state highway rehabilitation, the Marquette Interchange reconstruction project, major highway development, and administrative facilities. Under the bill, the state highway rehabilitation program and the Marquette Interchange project, which are currently funded with SEG and FED funds, would also be funded with revenue bonding proceeds. The increase in bonding authority, therefore, reflects the creation of bonding appropriations for these two programs (funded at \$147,708,000 in 2003-04 and \$128,135,700 in 2004-05 for the state highway rehabilitation program and \$85,500,000 in 2004-05 for the Marquette Interchange project), an increase in bonding for major highway development (funded at \$173,295,400 in 2003-04 and \$158,221,200 in 2004-05), and a continuation of the base level of bonding for administrative facilities (\$6,000,000 annually).

The amount of bonding authority provided in the bill, when combined with existing, unused authority of \$109,704,500, is the estimated amount needed during the 2003-05 biennium, plus additional amounts that are anticipated to be needed during the 2005-07 biennium. Of the total amount: (a) \$277,920,000 would be associated with bonding in the state highway rehabilitation program during the 2003-05 biennium; (b) \$483,820,000 would be associated with bonding for the Marquette Interchange project in 2004-05, as well as anticipated bonding for the project in 2005-06; and (c) \$511,300,000 would be associated with bonding for the major highway development program and administrative facilities over the 2003-05 and 2005-07 biennia (these amounts are not estimated separately, although the amount associated with administrative facilities is a relatively small part of the total). Typically, the Department requests enough bonding authority for anticipated bond issuance in the biennium, plus additional amounts to partially fund anticipated bonding usage in the following biennium.

Joint Finance/Legislature: Reduce the amount of additional revenue bonding authority by \$820,819,100. This amount reflects the following: (a) a decision to eliminate the use of transportation revenue bonds provided for the Marquette Interchange and, instead, use additional SEG and FED funds and existing transportation fund-supported, general obligation bonds for the project (summarized below under "Transportation Fund-Supported, General Obligation Bonding " and under "Marquette Interchange Reconstruction" in the State Highway Program section); (b) a decision to replace the transportation revenue bonds provided for the state highway rehabilitation program and the above-base increase for the major highway development program with general fund-supported, general obligation bonds (summarized below under "General Fund-Supported, General Obligation Bonding for State Highways"); and (c) a decision to provide transportation revenue bond authorization sufficient to allow for above-base increases in the use of revenue bonding in the major highway development

program of \$6,028,300 SEG-S in 2003-04 and \$6,665,300 SEG-S in 2004-05 (summarized under "Major Highway Development -- Funding Level" in the State Highway Program section).

The following table summarizes the changes to revenue bond authorization, by highway program. The remaining, additional transportation revenue bonding under the Committee's substitute amendment would be for the base level of bonding in the major highway development program, plus the increase noted in item "(c)" above.

	<u>Governor</u>	Joint Finance Change to <u>Governor</u>	Joint Finance Total Rev. Bond <u>Authorization</u>
Total Needed Bonds			
Major Highway Development*	\$511,300,000	-\$59,079,100	\$452,220,900
State Highway Rehabilitation	277,920,000	-277,920,000	0
Marquette Interchange Reconstruction	<u>483,820,000</u>	<u>-483,820,000</u>	<u>0</u>
Total	\$1,273,040,000	-\$820,819,100	\$452,220,900
Less Existing, Unused Authorization	-\$109,704,500	\$0	-\$109,704,500
Total New Authorization	\$1,163,335,500	-\$820,819,100	\$342,516,400

*Includes authorization for base-level usage of \$6,000,000 annually in bonds for administrative facilities.

[Act 33 Section: 1699]

7. GENERAL FUND-SUPPORTED, GENERAL OBLIGATION BONDING FOR STATE HIGHWAYS

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
BR	\$377,082,100	-\$377,082,100	\$0

Joint Finance: Provide a total of \$377,082,100 in general fund-supported, general obligation bonds, as follows: (a) \$275,843,700 for state highway rehabilitation to replace the transportation revenue bonds provided by the bill with equal amounts of general obligation bonds; and (b) \$101,238,400 for major highway development to replace the above-base increases in transportation revenue bonds provided by the bill with equal amounts of general obligation bonds, plus an additional \$30,000,000, an amount equal to the biennial transfer in the bill from the transportation fund to the general fund. Modify the current GPR appropriation in DOT for the payment of debt service on bonds issued under the local roads for job preservation program to also pay the debt service on the bonds issued under this item. The GPR debt service on these bonds is summarized below under "General Fund Debt Service for Transportation Programs".

Require DOT to include, in its agency budget request for the 2005-07 biennium, a recommendation for statutory changes to the Department's current SEG debt service

appropriation to pay the debt service on general obligation bonds provided for the state highway rehabilitation and major highway development programs by this item from the transportation fund (estimated at about \$44.5 million on an annual basis once all of the bonds have been issued). This requirement was included in conjunction with an item that would transfer 20% of the sales and use tax on new motor vehicles from the general fund to the transportation fund, beginning in 2005-06.

Senate/Legislature: Modify the provision to remove references to the Department of Transportation and to renumber the statutory section in Chapter 84 of the statutes governing the use of these bonds.

Veto by Governor [B-33]: Delete provision. (A portion of this provision [Section 1699q] was partially vetoed to become part of a separate provision that provides transportation fund-supported, general obligation bonding for highway projects, summarized in the following item.)

[Act 33 Vetoed Sections: 8, 285ag, 286 (as it relates to s. 20.395(6)(af)), 435m, 683g, 683h, 1670m, 1671, 1699q, and 9153(2p)]

8. TRANSPORTATION FUND-SUPPORTED, GENERAL OBLIGATION BONDING

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
BR	- \$40,000,000	\$900,000,000	\$860,000,000

Joint Finance/Legislature: Delete \$40,000,000 of bonding authorization out of a total of \$140,000,000 of existing bonding authorization that was provided by 2001 Act 109 (but not yet used) to compensate for any unanticipated reductions in federal aid. A separate item (summarized under "Marquette Interchange Reconstruction" in the State Highway Program section) would modify the conditions under which the remaining \$100,000,000 in bonding authorization may be issued, in order to allow the bonds, subject to certain conditions, to be used on the Marquette Interchange reconstruction project.

Veto by Governor [B-33]: Increase the amount of transportation fund-supported, general obligation bonding authority by \$900,000,000, from \$100,000,000 to \$1,000,000,000. This veto is accomplished by selectively striking digits in the strikethrough of the \$140,000,000, which was the prior amount of the bonding authorization, and the inserted \$100,000,000, which was the new amount included by the Legislature. Specifically, the Governor deleted the strikethrough of the dollar sign, the digit "1," and one of the "0" digits from the stricken \$140,000,000 figure and deleted the dollar sign and the digit "1" from the adjacent inserted (underlined) \$100,000,000. The effect of the veto of stricken digits is to retain those digits (in this case "\$10"), which, when combined with the retained inserted text ("00,000,000), results in the authorization of \$1,000,000,000 of transportation-fund supported, general obligation bonds (" \$10 00,000,000" in the text of the act).

The veto also modified the conditions under which the bonding can be used and the

purposes for which it may be used, to allow the bonds to be issued for southeast Wisconsin freeway rehabilitation and state highway rehabilitation projects. These changes are summarized under "Marquette Interchange Reconstruction" in the State Highway Program section. Of the \$1,000,000,000 total, the Governor indicates in his veto message that the following amounts will be used during the 2003-05 biennium: (a) \$253,900,000 in 2003-04 and \$230,000,000 in 2004-05 for state highway rehabilitation; and (b) \$15,924,200 in 2003-04 and \$65,656,200 in 2004-05 for southeast Wisconsin freeway rehabilitation. According to the veto message, the remaining \$434,519,600 will not be used during the biennium.

[Act 33 Section: 683d]

[Act 33 Vetoed Section: 683d]

9. TOTAL HIGHWAY BONDING

The following two tables show the changes in bonding authorization for highways, by program, under the enrolled bill, as passed by the Legislature, and in Act 33, as signed by the Governor. Through vetoes, the Governor increased the total amount of new bonding authorization by \$522,917,900 (from \$679,598,500 to \$1,202,516,400). The Legislature would have reduced the amount of transportation fund-supported, general obligation bonds available for highway programs, which is why this is shown as a negative amount in the first table.

New Bonding Authorization for Highway Programs Under Enrolled Bill

<u>Program</u>	<u>Enrolled Bill</u>			
	<u>Trans. Revenue Bonds</u>	<u>GPR Gen. Ob. Bonds</u>	<u>Trans. Gen. Ob. Bonds</u>	<u>Total Bonding</u>
Major Highway Development*	\$342,516,400	\$101,238,400	\$0	\$443,754,800
State Highway Rehabilitation	0	275,843,700	0	275,843,700
Marquette Interchange	0	0	-40,000,000	-40,000,000
Total Authorization	\$342,516,400	\$377,082,100	-\$40,000,000	\$679,598,500

New Bonding Authorization for Highway Programs Under Act 33

<u>Program</u>	<u>Act 33</u>			
	<u>Trans. Revenue Bonds</u>	<u>GPR Gen. Ob. Bonds</u>	<u>Trans. Gen. Ob. Bonds</u>	<u>Total Bonding</u>
Major Highway Development*	\$342,516,400	\$0	\$0	\$342,516,400
State Highway Rehabilitation**	0	0	860,000,000	860,000,000
Marquette Interchange/SE Freeways	0	0	0	0
Total Authorization	\$342,516,400	\$0	\$860,000,000	\$1,202,516,400

*Amounts shown for transportation revenue bonds include authorization for base-level usage of \$6,000,000 annually in bonds for administrative facilities.

**This bonding authorization can also be used for southeast Wisconsin freeway rehabilitation.

10. TRANSPORTATION FUND DEBT SERVICE REESTIMATE [LFB Paper 738]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
SEG-REV	-\$101,342,700	\$40,845,900	\$0	-\$60,496,800
SEG	-\$1,719,900	\$0	\$41,063,700	\$39,343,800

Governor: Decrease funding by \$876,300 in 2003-04 and \$843,600 in 2004-05 to reflect a reestimate of the level of funding needed for payment of principal and interest on existing, transportation-related, general obligation bonds at \$4,308,600 in 2003-04 and \$4,341,300 in 2004-05.

In addition, estimate that gross vehicle registration revenue will be reduced by \$135,113,200 in 2003-04 and \$174,029,500 in 2004-05 in order to repay principal and interest on revenue bonds and associated short-term debt. These amounts represent increases of \$31,213,200 in 2003-04 and \$70,129,500 in 2004-05 from the estimated revenue reduction in the base year for revenue bond debt service.

The statutes require that debt service payments on transportation-related, revenue bonds be deducted from vehicle registration revenues prior to their deposit in the transportation fund. Consequently, revenue bond debt service is shown as a reduction in revenues, not as an appropriation. The revenue bond debt service estimates are based on the use of revenue bonding for the major highway development program, administrative facilities (capital projects), the state highway rehabilitation program, and the Marquette Interchange reconstruction project. Currently, the state highway rehabilitation program and the Marquette Interchange reconstruction project are funded only with SEG and FED appropriations, but the bill would use bonding for these programs. The following table shows the proposed use of revenue bonds by program, and the amount of debt service during the 2003-05 biennium associated with these amounts. The bonding increases for the major highway development program, and the associated increases in debt service, are shown separately from the base level of bonding in this program. The base level of revenue bonding combines the base levels for the major highway development and administrative facilities programs.

	<u>Proposed Bond Funding</u>		<u>Associated Debt Service</u>	
	<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>
State Highway Rehabilitation	\$147,708,000	\$128,135,700	\$7,441,000	\$25,726,000
Marquette Interchange	0	85,500,000	0	4,953,100
Major Highway Development Increase	43,156,300	28,082,100	515,200	2,691,300
Major Highway Development and Administrative Facilities Base*	<u>136,139,100</u>	<u>136,139,100</u>	<u>127,157,000</u>	<u>140,659,100</u>
Totals	\$327,003,400	\$377,856,900	\$135,113,200	\$174,029,500

*The base appropriation includes \$130,139,100 for major highway development and \$6,000,000 for administrative facilities. The debt service amounts, which are not tracked separately for the two programs, represent estimated debt service on outstanding bonds for the two programs, plus amounts associated with a continuation of the base level of bonding in each program.

Joint Finance/Legislature: Increase estimated transportation fund revenue by \$7,884,200 in 2003-04 and \$32,961,700 in 2004-05 to reflect a reduction in transportation revenue bond debt service on bonds used in the state highway program and for administrative facilities. The reduction in debt service reflects the following decisions on the amount and type of bonding provided for the state highway programs: (a) a decision to replace transportation revenue bonds provided in the Governor's bill for state highway rehabilitation (\$275,843,700) and the above-base portion of transportation revenue bonding provided for major highway development (\$71,238,400) with general fund-supported, general obligation bonds, resulting in an estimated reduction in revenue bond debt service of \$7,956,200 in 2003-04 and \$28,417,300 in 2004-05; (b) a decision to eliminate the transportation revenue bonds provided for the Marquette Interchange reconstruction project (\$85,500,000) and utilize, instead, existing transportation fund-supported, general obligation bonds for the project, resulting in an estimated reduction in revenue bond debt service of \$4,953,100 in 2004-05; and (c) a decision to provide an above-base increase in bonding for the major highway development program of \$6,028,300 in 2003-04 and \$6,665,300 in 2004-05, resulting in an increase in revenue bond debt service of \$72,000 in 2003-04 and \$408,700 in 2004-05. The GPR debt service associated with the use of general fund-supported bonding in place of transportation revenue bonding is summarized below under "General Fund Debt Service for Transportation Programs".

Debt service on bonds issued to meet expenditure obligations for the Marquette Interchange project is estimated at \$82,300 SEG in 2004-05. Under the Joint Finance substitute amendment, DOT would be required to transfer this amount from the appropriation for southeast Wisconsin freeway rehabilitation to the appropriation for the payment of debt service on those bonds. The use of these bonds on the Marquette Interchange project is summarized under "Marquette Interchange Reconstruction" in the State Highway Program section.

Veto by Governor [B-33]: Increase funding by \$3,317,000 SEG in 2003-04 and \$37,746,700 SEG in 2004-05 to reflect an estimate of debt service payments on the amount of transportation fund-supported, general obligation bonding that the Governor indicated in his veto message would be used during the biennium, out of a total of \$1,000,000,000 made available through the Governor's veto of the bonding authorization provision (summarized above under "Transportation Fund-Supported, General Obligation Bonding"). The Governor indicated in his veto message that a total of \$565,480,400 in these bonds would be issued during the 2003-05 biennium for state highway rehabilitation and southeast Wisconsin freeway rehabilitation projects. Once the \$565,480,400 has all been issued, the annual debt service is estimated to increase to \$69,169,800.

11. PLEDGE OF REVENUES FOR THE PAYMENT OF REVENUE BOND DEBT SERVICE [LFB Paper 739]

Governor: Modify the DOT's authority under the Department's revenue bonding program by authorizing the Department to deposit, in a separate and distinct special fund outside the state treasury, in an account maintained by a trustee for the purposes of the payment of special fund obligations, the revenue derived from the following vehicle

registration-related fees: (a) the regular registration fees for vehicles registered on an annual basis, including automobiles, motor trucks, trailers and semitrailers, recreational vehicles, motor buses, and motor homes, and the biennial registration fees for motorcycles and mopeds; (b) the special registration fees for special mobile equipment, publicly-owned vehicles, agricultural vehicles, forest product vehicles, grading, ditching, and hauling vehicles, and tour trains; (c) the fee for the permanent registration of a semitrailer; (d) registration fees and plate issuance and processing fees for antique vehicles, collector vehicles, or reconstructed, replica, street modified, or homemade vehicles; (e) quarterly and consecutive monthly registration fees for certain types of trucks; (f) the five-dollar registration fee for vehicles registering for a period of five years, such as school buses and driver education vehicles; (g) the fees for the optional registration of small trailers in a fleet that are used for rent or for hire; (h) the issuance and reissuance fees for special license plates (this excludes additional, revenue-raising fees for certain special license plates, such as the endangered resources and UW plates) and personalized license plates and fees for the replacement of lost, stolen, or illegible plates; (i) the late renewal registration fee; (j) fees for temporary registration plates, temporary operation permits, and temporary school bus vehicle operation permits; (k) registration and title counter service fees and special handling fees for fast registration service; and (L) vehicle title transaction fees, except for the environmental impact title fee, which is deposited in the environmental fund.

Specify that the revenues derived from these fees that are pledged for the payment of special fund obligations would be excluded from the transportation fund. Specify that these revenues are the trustee's revenues in accordance with the agreement between the state and the trustee or in accordance with the resolution pledging the revenues to the payment of revenue obligations issued under the Department's revenue bond program. Specify that revenue obligations deposited in accordance with these provisions are considered special fund obligations and are issued for special fund programs, as these terms are currently defined. This authority would be provided in addition to the Department's current law authority to establish a fund with the revenue derived from regular registration fees (part "a" in the above list) for the payment of obligations in an enterprise or special fund bonding program. The fund authorized under this item would be only for special fund obligations, as opposed to enterprise obligations.

This item has the effect of increasing the amount of revenue collected for vehicle registration and titling fees that may be pledged to pay the debt service on revenue bonds. The Department estimates that under the current law fees for vehicle registration and titling, this item would increase the amount of potentially pledged revenue by approximately \$55 million per year. If the bill's provision that would increase title fees by \$10 is approved, the additional pledged revenue would be increased by approximately \$70 million on an annualized basis.

Joint Finance/Legislature: Approve the provision with a modification to include the following registration-related fees that were inadvertently excluded from the list of fees that may be deposited in the fund: (a) the statutory vehicle registration records search fee and related fees established by rule; (b) heavy vehicle registration telephone authorization fee; (c) financial institution registration processing fee; (d) municipality license plate transfer fee; (e) registration reinstatement of revoked or suspended registration fees; and (f) vehicle dealer, distributor, or manufacturer plate fee. Modify the provision that specifies that revenue

obligations issued for the purposes for which the transportation revenue bonds are authorized and deposited in the newly-created fund are special fund obligations issued for special fund programs to clarify that this applies to the obligations for the repayment of which the listed fees are deposited in the fund.

[Act 33 Sections: 436, 847, and 1696 thru 1698]

12. GENERAL FUND DEBT SERVICE FOR TRANSPORTATION PROGRAMS [LFB Paper 195]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
GPR	\$218,400	\$37,450,300	- \$37,550,500	\$118,200

Governor: Increase funding by \$109,200 annually to reflect a reestimate of the level of funding needed for payment of principal and interest on existing, general fund-supported, general obligation bonds under the local roads for job preservation program at \$168,900 annually. The Department provided grants totaling \$2,000,000 in 2002-03 using the remainder of the bonding authorization for the program.

Joint Finance/Legislature: Decrease funding by \$87,900 in 2003-04 and \$12,300 in 2004-05 to reflect a reestimate of the debt service on bonds issued under the local roads for job preservation program. Total debt service payments on bonds in this program would be estimated at \$81,000 in 2003-04 and \$156,600 in 2004-05.

Increase funding by \$8,135,300 in 2003-04 and \$29,415,200 in 2004-05 to reflect GPR debt service on general fund-supported, general obligation bonds provided for the state highway rehabilitation and major highway development programs to replace transportation revenue bonds provided in the Governor's bill for those programs (summarized above under "General Fund-Supported, General Obligation Bonding for State Highways"). Modify the current GPR appropriation for the payment of debt service on bonds issued under the local roads for job preservation program to also pay the debt service on general-fund supported bonds issued for the state highway rehabilitation and major highway development programs. The total, annualized GPR debt service on the bonds provided for these two programs (the amount that would be paid after all of the bonds are issued, which would not occur until after the 2003-05 biennium) is estimated at \$44.5 million.

Veto by Governor [B-33]: Decrease funding by \$8,135,300 in 2003-04 and \$29,415,200 in 2004-05 to reflect the veto of the general fund-supported bonds that the Legislature had provided for highway programs.

13. TRANSFER OF SALES TAX ON MOTOR VEHICLE SALES TO THE TRANSPORTATION FUND

Joint Finance: Require DOR, beginning on July 1, 2005, and on each July 1 thereafter, to determine the amount of revenue generated by the tax on the sale and use of new motor vehicles in the preceding calendar year. Specify that 20% of that amount shall be transferred to the transportation fund in each year, beginning in 2005-06. Create a sum sufficient, GPR appropriation for transferring the amounts computed by DOR to the transportation fund. It is estimated that the transfer under this item would be \$48.2 million in 2005-06 and \$51.3 million in 2006-07.

Senate/Legislature: Modify the provision to change the percentage of sales tax revenue that would be deposited in the transportation fund from 20% to 10%.

Veto by Governor [B-35]: Delete provision.

[Act 33 Vetoed Sections: 670g and 1650m]

14. SURPLUS LAND SALES

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG-REV	\$4,000,000	- \$4,000,000	\$0

Joint Finance/Legislature: Require DOT to sell enough surplus land each year of the biennium to deposit not less than \$4,000,000 in the transportation fund in each fiscal year of the biennium from such sales. Increase estimated transportation fund revenues by \$2,000,000 annually to reflect this requirement. The revenue estimates under the Governor's bill assumed \$2,000,000 in surplus property sales per year.

Veto by Governor [B-36]: Delete provision.

[Act 33 Vetoed Section: 9153(1z)]

Local Transportation Aid

1. GENERAL TRANSPORTATION AIDS [LFB Paper 745]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$33,142,600	- \$18,783,600	\$14,359,000

Governor: Provide increased funding for general transportation aids as follows:

County Aid. Provide \$2,857,200 in 2003-04 and \$5,136,400 in 2004-05 to provide a total of \$91,170,200 in 2003-04 and \$93,449,400 in 2004-05. Set the calendar-year distribution at \$92,295,700 for calendar year 2004 and \$94,603,100 for calendar year 2005 and thereafter. This represents a 2.5% annual calendar-year increase.

Municipal Aid. Provide \$8,989,100 in 2003-04 and \$16,159,900 in 2004-05 to provide a total of \$286,832,300 in 2003-04 and \$294,003,100 in 2004-05. Set the calendar-year distribution at \$290,373,400 for calendar year 2004 and \$297,632,700 for calendar year 2005 and thereafter. This represents a 2.5% annual calendar-year increase.

Establish the mileage aid rate at \$1,871 for calendar year 2004 and \$1,917 for calendar year 2005 and thereafter, which represents a 2.5% annual increase. Repeal obsolete statutory references to the 2001 calendar-year mileage aid rate amount, the 2000 and 2001 calendar year total county and municipal distributions, and the 2001 aid calculation.

Joint Finance/Legislature: Delete \$4,666,800 in 2003-04 and \$14,116,800 in 2004-05 to fully fund the 2003 calendar year distributions for both counties and municipalities with no increases for calendar years 2004 and 2005. Distribution amounts would be \$90,044,600 for 2003 and thereafter for counties and \$283,291,100 for 2003 and thereafter for municipalities. Retain the mileage aid rate at \$1,825 for calendar year 2003 and thereafter.

[Act 33 Sections: 1719 thru 1723]

2. MASS TRANSIT OPERATING ASSISTANCE [LFB Paper 745]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$6,617,100	- \$3,715,300	\$2,901,800

Governor: Provide \$2,067,600 in 2003-04 and \$4,549,500 in 2004-05 in order to increase funding for mass transit operating assistance. The funding would be distributed as follows: (a) \$1,180,600 in 2003-04 and \$2,560,900 in 2004-05 to fund a 2.43% increase in 2004 and a 2.37% increase in 2005 for Tier A-1 (Milwaukee); (b) \$315,400 in 2003-04 and \$685,600 in 2004-05 to fund a 2.44% increase in 2004 and a 2.39% increase in 2005 for Tier A-2 (Madison); (c) \$445,700 in 2003-04 and \$1,000,500 in 2004-05 to fund a 2.60% increase in 2004 and a 2.68% increase in 2005 for Tier B transit systems; and (d) \$125,900 in 2003-04 and \$302,500 in 2004-05 to fund a 2.99% increase in 2004 and a 3.38% increase in 2005 for Tier C transit systems. In total, mass transit operating assistance would increase by 2.5% annually in 2004 and 2005.

Set the calendar-year distribution amounts at \$58,192,000 for 2004 and \$59,572,900 for 2005 and thereafter for Tier A-1, \$15,536,600 for 2004 and \$15,908,200 for 2005 and thereafter for Tier A-2, \$21,555,300 for 2004 and \$22,133,700 for 2005 and thereafter for Tier B, and \$5,844,100

for 2004 and \$6,041,400 for 2005 and thereafter for Tier C. Repeal obsolete statutory references relating to aid payments for each tier of systems for calendar years 2000 and 2001.

Joint Finance/Legislature: Decrease funding by \$616,700 in 2003-04 and \$3,098,600 in 2004-05 to fully fund the calendar year 2003 distribution amount for each tier of transit systems with no increases for calendar years 2004 and 2005. Increase the statutory distribution level for Tier B by \$749,300 in calendar year 2004 and thereafter and decrease the statutory distribution level for Tier C by \$749,300 in calendar year 2004 and thereafter to reflect the change in the composition of transit systems within these tiers due to the 2000 federal decennial census. In addition, increase the Tier B appropriation by \$187,300 in 2003-04 and \$749,300 in 2004-05 and make corresponding annual decreases in the Tier C appropriation to reflect the transfer of base level funding among the two tiers.

Distribution amounts would be established as follows: \$56,811,800 for 2003 and thereafter for Tier A-1; \$15,166,900 for 2003 and thereafter for Tier A-2; \$21,757,600 for 2004 and thereafter for Tier B systems; and \$4,925,100 for 2004 and thereafter for Tier C systems. (Total funding for Tiers B and C would equal the total calendar 2003 amount for those two tiers).

[Act 33 Sections: 1709 thru 1714]

3. ELDERLY AND DISABLED TRANSPORTATION AIDS
[LFB Paper 745]

SEG	\$669,100
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Governor/Legislature: Provide \$221,200 in 2003-04 and \$447,900 in 2004-05 for county assistance in the provision of elderly and disabled specialized transportation services. Total state funding would equal \$8,146,300 in 2003-04 and \$8,373,000 in 2004-05. This would provide a 2.5% annual increase in 2003-04 and 2004-05 for elderly and disabled transportation, based on the combined SEG funding for county assistance and capital aids, but would provide the total increase in the appropriation for county assistance.

4. COMMUTER RAIL TRANSIT SYSTEM DEVELOPMENT GRANT PROGRAM [LFB Paper 746]

SEG	\$400,000
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Governor: Provide \$400,000 in 2004-05 to provide grants for commuter rail system development. Create an annual, SEG appropriation and continuing FED and SEG-L appropriations to fund grants for commuter rail transit system development. Require DOT to administer a commuter rail transit system development grant program. Provide the Department the authority to award grants from the newly-created appropriations to political subdivisions for preliminary engineering, property acquisition, equipment acquisition, and infrastructure construction projects related to the development or extension of commuter rail transit systems in this state. Define political subdivision as any city, village, town, county, transit commission organized or recognized under state statutes, or a regional transportation authority within this state that is organized under state statute.

Specify that upon completion of a planning study to the satisfaction of the Department, any political subdivision may apply to DOT for a grant. Require DOT to prescribe the form, nature, and extent of information that shall be contained in applications for grants and to establish criteria for evaluating applications and determining eligibility for the award of grants. Specify that no grant may be awarded for a project unless the project meets these eligibility criteria. Specify that the grant amount would be limited to the lesser of 50% of the non-federal portion of the project cost or 25% of the total project cost. Further specify that no grant may be awarded for a project involving the acquisition of property or equipment or infrastructure construction unless the political subdivision contributes funds for the project that at least equal 20% of the total project cost.

Define commuter rail as rail passenger service, operating primarily on a dedicated right-of-way on existing railroad tracks used for rail freight service or intercity rail passenger service between and within metropolitan and suburban areas, connecting these areas with large business or urban centers in this state or another. Specify that commuter rail systems usually operate during peak travel times with limited stops and in conjunction with other transit modes as part of a regional transit system.

Include the initial construction or expansion of a commuter rail transit system under the current law definition for major transit capital improvement projects if the project has a total cost in excess of \$5 million. Under current law, such major projects may not be funded with transportation fund revenues unless the project is enumerated in a statutory list.

Joint Finance: Specify that the \$400,000 would be provided in 2003-04 in a biennial appropriation rather than in 2004-05 in an annual appropriation. (The funding would not become base level funding for the 2005-07 biennium.) Delete the acquisition of property and equipment and the construction of commuter rail capital projects as eligible costs that could be funded from the grant program. (Grant funding would be limited to preliminary engineering of commuter rail development projects.) Specify that commuter rail does not include rail passenger service provided by a light rail transit system and that no commuter rail development grant could be awarded for any project related to the planning, initial construction, or expansion of a light rail transit system.

Senate/Legislature: Delete the newly-created SEG, SEG-L, and FED appropriations for the commuter rail transit system development grant program and, instead, modify the existing, biennial SEG appropriation and the SEG-L appropriation for passenger railroad station improvement grants and the FED appropriation for rail passenger service so that the commuter rail transit system development grants would be administered through these existing appropriations. Transfer \$400,000 SEG in 2003-04 from the deleted commuter rail system development appropriation to the modified passenger railroad station improvement and commuter rail transit system grants appropriation.

Veto by Governor [B-37]: Modify the purposes for which commuter rail development grants could be awarded by deleting the term "preliminary engineering," which was the only allowable purpose for which a commuter rail development grants could have been awarded. As a result of this partial veto, the eligible purposes for which grants may be awarded are

broadened to include any purpose related to the development or extension of commuter rail transit systems in the state. Delete the provisions that would have restricted grants from being provided for rail passenger service provided by a light rail transit system, or for the development of any project related to the planning, initial construction, or expansion of a light rail transit system. In addition, delete the provision that would have allowed commuter rail transit system development grants to be made from the existing passenger rail service FED appropriation.

[Act 33 Sections: 420c, 420d, 1702, and 1703]

[Act 33 Vetoed Sections: 286 (as it relates to 20.395(2)(cx)), 420e, and 1703]

Local Transportation Projects

1. LOCAL ROADS IMPROVEMENT PROGRAM [LFB Paper 755]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$1,810,800	- \$4,361,800	- \$2,551,000
SEG-L	<u>1,810,800</u>	<u>- 4,361,800</u>	<u>- 2,551,000</u>
Total	\$3,621,600	- \$8,723,600	- \$5,102,000

Governor: Provide \$598,600 SEG and \$598,600 SEG-L in 2003-04 and \$1,212,200 SEG and \$1,212,200 SEG-L in 2004-05 for the local roads improvement program. The requested funding would provide increases of 2.5% annually for the program. The increases would go to the basic component of the program, rather than any of the discretionary components. Total SEG funding for the program would be \$24,543,900 in 2003-04 and \$25,157,500 in 2004-05.

Joint Finance/Legislature: Reduce funding by \$1,874,100 SEG and \$1,874,100 SEG-L in 2003-04 and \$2,487,700 SEG and \$2,487,700 SEG-L in 2004-05. This reduction would eliminate the increase provided for the program by the Governor's bill and reduce funding by an additional \$1,275,500 annually. The 2001-03 biennial budget act required the Department to deduct a total of \$2,500,000 from the local roads improvement program SEG appropriation for making a grant to the City of Milwaukee for the West Canal Street reconstruction project. If this deduction is taken proportionately from both years of the 2001-03 biennium, then the deduction in 2002-03 would reduce the amount available for distribution under the regular program by \$1,275,500 in that year. The Joint Committee on Finance's substitute amendment, therefore, reduces the amount of funding provided to the level that was available for distribution in the base year, following the deduction for the West Canal Street project.

Raise the project cost threshold below which DOT cannot require that the design and construction of the local road improvement be certified by a registered professional engineer from \$50,000 to \$65,000.

[Act 33 Section: 1723m]

2. CHICAGO-MILWAUKEE PASSENGER RAIL SERVICE

SEG	\$568,000
FED	<u>2,272,000</u>
Total	\$2,840,000

Governor/Legislature: Provide \$220,000 SEG and \$880,000 FED in 2003-04 and \$348,000 SEG and \$1,392,000 FED in 2004-05 in the rail passenger service appropriations to support higher costs associated with a new contract with Amtrak for the provision of the Hiawatha train route between Chicago and Milwaukee. The new, three-year contract is expected to continue the previous arrangement whereby Wisconsin pays 75%, and Illinois 25%, of the portion of the cost that Amtrak assigns to the two states. Under the new contract, however, the states would pay a larger share of the total cost than is currently the case, and Amtrak would pay less. Under the existing contract, which expires in 2003, Wisconsin's share of the cost is \$3,975,800. Although negotiations on the new contract are not complete, at the time the bill was introduced it was expected that this share would increase to \$5,075,800 in 2003-04 and \$5,715,800 in 2004-05. The Department indicates that, beginning in 2004, trains are expected to make stops at a new station at General Mitchell International Airport.

3. ELIMINATION OF THE OFFICE OF THE COMMISSIONER OF RAILROADS

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	Funding	Positions	Funding	Positions	Funding	Positions
PR	\$1,177,600	4.00	-\$1,177,600	- 4.00	\$0	0.00

Governor: Eliminate the Office of the Commissioner of Railroads (OCR) on the effective date of the bill and transfer certain functions of OCR to other agencies, including DOT. In addition, transfer, from OCR to DOT, 4.0 positions and the incumbent employees. Increase funding for DOT by \$588,800 each year to pay for these provisions.

Transfer Railroad Regulatory Functions to DOT. Provide that DOT shall be responsible for railroad regulatory matters with respect to the following general statutory provisions: Chapter 191 (railroad construction activity); Chapter 192 (railroad regulations and liabilities); Chapter 195 (railroad regulation); and other statutory provisions relating to harbor railroads (Chapter 30), railroad grade crossing improvements (Chapters 84 and 86), authority of turnpike corporations to relocate railroads (Chapter 182), the allocation of costs of railroad industrial spur tracks (Chapter 190), sole, rather than joint, involvement in certain determinations related to discharge into nonfederal wetlands (Chapter 281), and snowmobile rail crossings (Chapter

350). In general, these changes would be accomplished by replacing all references to OCR's duties and responsibilities with corresponding references to DOT.

In addition to the responsibilities transferred from OCR to DOT, reassign the approval of route maps for proposed railroads to DOT from the Department of Financial Institutions.

Modify Railroad Regulatory Authority. In transferring certain railroad regulatory functions to DOT, make the following changes to the current level of railroad regulation:

Repeal the requirement that, before any railroad track construction may proceed in the state, the railroad must have a certificate that is issued only after a public hearing and upon a finding of "public convenience and necessity." Under the bill, a certificate authorizing construction would be issued by DOT, but a hearing would be discretionary, and there would be no public convenience and necessity standard required. Also, repeal that standard for issuance of certificates of authority for ferry operations.

Repeal current law specifications with respect to railroad grade crossing and safety signage. Provide, instead, that such signs would have to be consistent with DOT's required uniform system of signs manual. Allow the use of existing signs until they are replaced or relocated.

Provide that DOT may issue orders on the following matters without holding a public hearing: (a) the installation of protective devices, signs, or safety improvements at railroad crossings; (b) the determination of the type of grade crossing to be used where a railroad intersects a street or another railroad; (c) the granting of an exemption for vehicles otherwise required to stop at railroad crossings from stopping at a specified crossing; (d) the elimination of existing highway grade crossings associated with highway relocation, improvement, or new construction; and (e) the safety and adequacy of railroad bridges and drawbridges. Provide that DOT shall issue orders based on its investigation and criteria promulgated by rule with respect to such issues (however, specific rule authority is not provided with respect to "(c)"), and that DOA's Division of Hearings and Appeals (Division) shall hear related appeals. Under current law, a public hearing must be held on all of these matters. Specify that the rule related to the installment of protective devices at railroad crossings may include programming criteria relating to prioritizing those crossings needing protection. Specify that the rule related to highway grade crossings shall include criteria to apportion expenses.

Require DOT to pay the costs for hearing examiners related to railroad regulation in accordance with a schedule of fees developed by the Division. Provide \$200,000 PR-S annually to the Division for hearing examiner services, to be paid for by DOT through charges assessed to railroad companies.

Create a requirement that the Department, notwithstanding its other duties related to grade crossings, must monitor and investigate all such crossings and determine, for each crossing, whether any warning devices, advance warning signs, or other warning measures are

required to protect and promote public safety. Specify that DOT may make this determination without a hearing, but also provide that any order may be appealed to the Division. Provide that any device, sign, or other measure at a crossing that conforms to a DOT determination, or, if DOT has not made a determination, that was approved by OCR or the Office of the Commissioner of Transportation, is considered adequate and appropriate warning for the crossing.

Railroad Assessments. On the effective date of the transfer, create a new, PR appropriation under DOT to support the transferred railroad regulation activities. Also, authorize the use of the existing segregated appropriation for railroad crossing improvement and protection maintenance, funded from the transportation fund, for purposes of the transferred railroad regulation activities.

Authorize DOT, rather than OCR, to collect direct and remainder assessments from railroads sufficient to support railroad regulatory activities. Specify that 10% of the total amounts collected be deposited in the general fund for the costs of state government operations and the remaining 90% be deposited in the general fund and credited to the new, PR appropriation described above. Clarify that, although collected by DOT, the funds collected from direct and remainder assessments to support railroad regulatory activities would not be deposited in the transportation fund. Delete the provision that specifies that federal funds received for the regulation of railroads are credited to OCR's FED appropriation, rather than being part of the transportation fund.

The bill estimates GPR-Earned receipts from the portion of the assessments described above for state government operations at \$70,600 in 2003-04 and \$71,800 in 2004-05, for a biennial total of \$142,400. The bill reflects these receipts as GPR-Earned by the PSC. However, the administration has indicated that the estimated receipts should be reflected under DOT, rather than the PSC.

Transition Provisions. On the effective date of the bill:

Transfer, from OCR to DOT, 4.0 PR positions and the incumbent employees, as identified by the Secretary of DOT. These positions include one program assistant position and three regulation compliance investigator positions.

Specify that: (a) all persons transferred would retain the same rights and employee status they held prior to the transfer; and (b) no employee who had attained permanent status in his or her classified position would be required to serve a new probationary period. Finally, include transitional provisions transferring all assets and liabilities, tangible personal property, contracts, rules and orders, and all pending matters from OCR to DOT. Provide that in the event of any disagreements between the Commissioner and the Secretary of DOT with respect to tangible personal property, contracts, rules and orders, and pending matters, the Secretary of DOA would be required to determine the matter and develop a plan for an orderly transfer.

All of the provisions related to the proposed elimination of OCR are described in their entirety in this document under the Public Service Commission, to which OCR is currently attached for limited purposes.

Joint Finance/Legislature: Delete provision.

4. FEDERAL FUNDS REDUCTION FOR LOCAL TRANSPORTATION ASSISTANCE PROGRAMS

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
FED	-\$23,634,500	-\$4,935,800	-\$28,570,300
SEG-L	0	-1,360,000	-1,360,000
Total	-\$23,634,500	-\$6,295,800	-\$29,930,300

Governor: Reduce funding by a total of \$14,662,000 in 2003-04 and \$8,972,500 in 2004-05 for local transportation assistance programs funded with federal funds to reflect an estimated reduction in the amount of federal highway aid that the state will receive during the 2003-05 biennium. Under the bill, total federal highway aid will decrease from \$567,000,000 in the base year to \$501,800,100 in 2003-04 and \$527,100,100 in 2004-05, or reductions, from the base, of 11.5% and 7.0%, respectively. The bill would reduce the federal appropriations for local transportation assistance programs by 11.5% in 2003-04 and 7.0% in 2004-05 to reflect this reduction. In total, all other appropriations funded with federal highway aid would be reduced by 11.5% in 2003-04 and 7.0% in 2004-05, but the percentage changes for these other appropriations vary. Changes to these other appropriations are summarized separately in their respective program areas. The following table shows the federal funding changes for local transportation assistance appropriations under the bill.

<u>Appropriation</u>	<u>Funding Changes</u>		<u>New Funding Level</u>	
	<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>
Local Transportation Facility Improvement	-\$8,707,100	-\$5,328,400	\$67,012,600	\$70,391,300
Local Bridge Improvement Assistance	-3,022,900	-1,849,900	23,265,300	24,438,300
Congestion Mitigation/Air Quality Improvement	-1,437,200	-879,500	11,061,300	11,619,000
Transportation Enhancement Grants	-773,900	-473,600	5,956,300	6,256,600
Railroad Crossing Improvement	-408,100	-249,700	3,141,200	3,299,600
Surface Transportation Grants	<u>-312,800</u>	<u>-191,400</u>	<u>2,407,200</u>	<u>2,528,600</u>
Totals	-\$14,662,000	-\$8,972,500	\$112,843,900	\$118,533,400

Joint Finance/Legislature: Reduce funding for surface transportation grants by \$2,407,200 FED in 2003-04 and \$2,528,600 FED in 2004-05 to eliminate funding for the program and reduce funding in the local match appropriation for the program by \$680,000 SEG-L annually to reflect the elimination of the grant funding.

5. FREIGHT RAIL INFRASTRUCTURE IMPROVEMENT PROGRAM

SEG	- \$4,159,600
SEG-L	<u>500,000</u>
Total	- \$3,659,600

Governor/Legislature: Reduce funding for the freight rail infrastructure improvement program by \$2,079,800 SEG annually to eliminate SEG funding for the program. Increase funding for the program by \$500,000 SEG-L in 2004-05 to reflect anticipated loan repayments under the program, which provides loans at low or no interest to railroads, shippers, or local governments to perform a variety of capital improvements related to freight rail service. The SEG-L funding would be the sole source of funding for the program in the 2003-05 biennium under this item and would equal \$3,500,000 in 2003-04 and \$4,000,000 in 2004-05. This is a reduction from \$5,579,800 (\$2,079,800 SEG and \$3,500,000 SEG-L) in 2002-03. The reduction in SEG funding for this program is one of several measures identified by the administration to generate savings of \$15,000,000 annually from DOT appropriations for the purpose of transferring this amount to the general fund.

6. FREIGHT RAIL PRESERVATION PROGRAM

BR	\$4,500,000
SEG	<u>472,500</u>
Total	\$4,972,500

Governor/Legislature: Provide an increase in general obligation bonding authority of \$4,500,000 for the freight rail preservation program to provide total bonding authority of \$32,500,000. In addition, provide an increase of \$135,000 SEG in 2003-04 and \$337,500 SEG in 2004-05 for the payment of principal and interest on the additional general obligation bonds. Bonding in this program may be used to acquire rail property and fund grants and loans for rehabilitation and construction on state-owned railroad property. The \$4,500,000 increase in bonding authority would provide the same level of funding that was provided during the past several biennia.

[Act 33 Section: 685]

7. HARBOR ASSISTANCE PROGRAM

BR	\$3,000,000
SEG	<u>315,000</u>
Total	\$3,315,000

Governor/Legislature: Provide an increase in general obligation bonding authority of \$3,000,000 for the harbor assistance program to provide total bonding authority of \$28,000,000. In addition, provide \$90,000 SEG in 2003-04 and \$225,000 SEG in 2004-05 for the payment of principal and interest on the additional general obligation bonds. Total funding available for the harbor assistance grant program in 2003-05 would be \$4,000,000 (\$3,000,000 in bonding authority and \$500,000 SEG annually), which is the same amount provided in 2001-03.

[Act 33 Section: 684]

**8. TRANSPORTATION INFRASTRUCTURE LOAN FUND
INTEREST EARNINGS**

SEG	\$181,000
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Governor/Legislature: Provide \$176,000 in 2003-04 and \$5,000 in 2004-05 in the appropriation for transportation infrastructure loans to allow the Department to spend accumulated interest from the transportation infrastructure loan fund on making new loans under the program. The funding provided in 2003-04 is the amount of accumulated interest in the infrastructure loan fund, while the amount provided in 2004-05 represents the estimated level of ongoing interest accruing to the fund. The transportation infrastructure loan fund is a segregated fund separate from the transportation fund. Under current law, interest on the fund balance accrues to the fund, but there is no expenditure authority for these amounts since the SEG appropriation for the program is established at \$0. The infrastructure loan program provides low-interest loans to local governments for highway or transit projects. Loan repayments may be used for making new loans under the program.

9. TRAFFIC MARKING ENHANCEMENTS FOR ELDERLY DRIVERS GRANT PROGRAM

	Jt. Finance (Chg. to Base)	Senate/Leg. (Chg. to JFC)	Net Change
FED	\$2,200,000	\$0	\$2,200,000
PR	2,200,000	- 2,200,000	0
SEG-L	<u>733,300</u>	<u>2,200,000</u>	<u>2,933,300</u>
Total	\$5,133,300	\$0	\$5,133,300

Joint Finance: Require DOT to administer a grant program in 2003-04 and in 2004-05 to provide grants to local units of government for the installation of traffic marking enhancements with the intent of improving visibility for elderly drivers and pedestrians, subject to the following conditions: (a) in 2003-04, only if the state receives a federal incentive grant in federal fiscal year 2003 for enacting a 0.08 blood alcohol level intoxicated driving law; and (b) in 2004-05, only if the state receives more federal formula highway aid than is included in the Chapter 20 appropriations schedule for that year. Specify that if the state receives a federal 0.08 incentive grant in federal fiscal year 2003 that the Department shall credit the grant amount or \$2,200,000, whichever is less, to the FED appropriation for state highway rehabilitation and transfer an equal amount of funding from the SEG appropriation for state highway rehabilitation to a newly-created PR-S appropriation for the grant program. Specify that if the state receives more federal formula highway aid than is reflected in the 2004-05 appropriation schedule for that year, the Department shall credit the excess amount, or \$3,800,000, whichever is less, to the FED appropriation for state highway rehabilitation and transfer an equal amount of funding from the SEG appropriation for state highway rehabilitation to the PR-S appropriation for the grant program.

Specify that the enhancements for which grants are provided under the program may include pavement markings for center lines, lane lines, edge lines, lane-use arrows, and crosswalks that are brighter or more reflective than markings that are typically used, redundant

street name signs in advance of intersections, traffic signs with enhanced reflectivity and with larger letters than are typically used, and overhead mounted street name signs at major intersections. Require the Department to consider the following in awarding grants: (a) the crash history of the proposed project area; (b) the prevalence of older drivers and pedestrians in the area of the proposed project; (c) the extent to which the proposed improvements would produce demonstrable benefits; (d) the extent to which a proposed project involves the cooperation by more than one local unit of government and coordinates improvements on highways in more than one jurisdiction, providing favorable consideration for such projects; and (e) the geographic distribution of all projects that are awarded grants such that grants are distributed throughout the state. Require DOT to award grants in each year to at least one project in each of the following: (a) an urban area; (b) a suburban area; and (c) a rural area. Specify that the local unit of government shall contribute matching funds equal to at least 25% of the total estimated cost of the project for which moneys are awarded under the program.

Increase funding in the state highway rehabilitation program by \$2,200,000 FED in 2003-04 to reflect an estimate of the amount of 0.08 incentive funds received and provide \$2,200,000 PR in 2003-04 to reflect a transfer of funds from the SEG appropriation for state highway rehabilitation to the grant program appropriation. Increase funding by \$733,300 SEG-L in 2003-04 in the local match appropriation for local transportation facility improvement assistance to reflect the local match for the program. In order to receive federal 0.08 incentive grant funds in federal fiscal year 2003, the state must have a law enacted by July 15, 2003, that takes effect prior to October 1, 2003. The Committee removed from the bill the 0.08 provision that had been included by the Governor. However, this item would estimate an incentive grant payment of \$2,200,000, based upon the assumption that a separate bill containing the 0.08 provision will be enacted prior to July 15.

Senate/Legislature: Modify the provision to eliminate the newly-created appropriation for the program and, instead, fund the grants from the SEG-L appropriation for local bridge improvement assistance. Delete \$2,200,000 PR in 2003-04 and increase the SEG-L appropriation by \$2,200,000 in 2003-04 to reflect this change.

[Act 33 Sections: 420f, 420p, 424, 427m, 1701m, and 9153(4q)]

10. MULTIMODAL TRANSPORTATION STUDIES

SEG	- \$1,500,000
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Joint Finance/Legislature: Reduce funding by \$750,000 annually in the appropriation for multimodal transportation studies to eliminate funding for the program. The Department had tentatively planned to use the base funding in the multimodal transportation studies appropriation in the 2003-05 biennium primarily to update the state's long-range transportation plan and to help the state's metropolitan planning organizations fund traffic modeling studies, which are used to update long-range transportation plans for metropolitan regions.

State Highway Program

1. STATE HIGHWAY REHABILITATION [LFB Paper 760]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
SEG	-\$369,423,000	\$17,283,800	-\$82,360,600	-\$434,499,800
FED	- 63,512,300	139,807,800	- 122,576,200	- 46,280,700
SEG-S	<u>275,843,700</u>	<u>- 275,843,700</u>	<u>0</u>	<u>0</u>
Total	-\$157,091,600	-\$118,752,100	-\$204,936,800	-\$480,780,500

Governor: Reduce funding for the state highway rehabilitation program by a total of \$97,054,700 in 2003-04 and \$60,036,900 in 2004-05, which is the net effect of the following funding changes: (a) a reduction of \$206,056,800 SEG in 2003-04 and \$163,366,200 SEG in 2004-05; (b) a reduction of \$38,705,900 FED in 2003-04 and \$24,806,400 FED in 2004-05; and (c) the provision of transportation revenue bond proceeds in a newly-created bond appropriation for state highway rehabilitation of \$147,708,000 SEG-S in 2003-04 and \$128,135,700 SEG-S in 2004-05.

Create a continuing appropriation for the expenditure of revenue bond proceeds for state highway rehabilitation projects. Specify that revenue bond proceeds may be used for state highway rehabilitation projects and include such projects in a list of purposes for which the Building Commission may issue revenue obligations. Modify appropriations for the temporary financing (prior to reimbursement with bond proceeds) and revenue obligation funding of major highway development projects and transportation administrative facilities to specify that these appropriations also apply to the management of revenue bond financing for state highway rehabilitation projects. Include the appropriation for revenue obligation funding in a list of appropriations from which the reconditioning, reconstruction, and resurfacing of highways shall be funded.

Under the bill, total funding for the state highway rehabilitation program would decline, relative to the base, by 18.4% in 2003-04 and 11.8% in 2004-05. A portion of the decrease in SEG and FED funds would be offset by the use of revenue bonding in the program. The Department indicates that the bonds used for the program would be 10-year bonds, instead of the 20-year bonds that are typically issued for major highway development projects. Bonding would provide 32.5% of the total funding for the program in 2003-04 and 26.1% of the total funding in 2004-05. Federal funds used in the program would decrease, relative to the base, by 12.7% in 2003-04 and 8.2% in 2004-05. Under the bill, total federal highway aid is estimated to decrease from \$567,000,000 in the base year to \$501,800,100 in 2003-04 and to \$527,100,100 in 2004-05, or reductions, from the base, of 11.5% and 7.0%, respectively.

The following table shows the proposed funding for the program by funding source. The funding in each year of the biennium reflects the net effect of this item, plus the following: (a) standard budget adjustments (\$398,400 SEG in 2003-04 and \$375,300 SEG in 2004-05); (b) a

reduction in the program's budget for limited-term employees and for consultant contracts (-\$3,995,400 SEG in 2003-04 and -\$4,416,600 SEG in 2004-05); (c) a reduction in funding associated with the elimination of certain positions in the Divisions of Transportation Districts and Transportation Infrastructure Development (-\$1,233,400 SEG in 2003-04 and -\$1,405,100 SEG in 2004-05); and (d) a transfer of funding that currently supports 1.0 attorney position and 4.0 State Patrol dispatch positions to the appropriations for departmental management and operations and the State Patrol, respectively (-\$283,000 SEG annually).

<u>Fund</u>	<u>2002-03 Base*</u>	<u>Governor</u>	
		<u>2003-04</u>	<u>2004-05</u>
SEG	\$251,979,800	\$40,809,600	\$82,884,200
FED	304,045,300	265,339,400	279,238,900
Bonding	<u>0</u>	<u>147,708,000</u>	<u>128,135,700</u>
Total	\$556,025,100	\$453,857,000	\$490,258,800

*The 2002-03 base includes the transfer of a total of \$49,350,000 (\$22,207,500 SEG and \$27,142,500 FED) in base funds from the state highway rehabilitation program to the southeast Wisconsin freeway rehabilitation program by the Joint Committee on Finance in 2002-03 to provide funding, under a provision of 2001 Act 109, for rehabilitation projects, other than the Marquette Interchange reconstruction project, on southeast Wisconsin freeways.

Joint Finance/Legislature: Provide increases of \$12,767,600 SEG and \$84,287,100 FED in 2003-04 and \$4,516,200 SEG and \$55,520,700 FED in 2004-05 to restore the base level of funding for highway rehabilitation projects. Delete \$147,708,000 SEG-S in 2003-04 and \$128,135,700 SEG-S in 2004-05 to eliminate the revenue bonding provided for the program and eliminate the provisions in the bill related to the use and issuance of revenue bonding for state highway rehabilitation projects, including the SEG-S revenue bond appropriation. In place of transportation revenue bonds, the Joint Committee on Finance's substitute amendment would authorize \$275,843,700 in general fund-supported, general obligation bonds for the program. These changes in bonding authorization and the associated effect on general fund and transportation debt service payments are summarized in the Transportation Finance section.

The following table compares the total funding for the program under the bill and under the Joint Committee on Finance's substitute amendment. The SEG, FED, and SEG-S amounts shown under Joint Finance reflect the effect of this item, a decision to restore the base level of funding for limited term employee staff and engineering consultants (a total of \$3,995,400 SEG in 2003-04 and \$4,416,600 SEG in 2004-05), a decision to delete funding for the fifth week of vacation as cash standard budget adjustment (-\$18,200 SEG annually), and a decision to transfer \$11,120,500 SEG in 2004-05 (along with \$4,833,000 from the SEG appropriation for the major highway development program) to the Joint Committee on Finance's SEG appropriation for program supplements, pending a review of costs under the highway program (summarized below under "Highway Program Cost Review"). The table shows the general fund-supported, general obligation bonds in a separate line. Since these amounts are made available through a general obligation bonding authorization, they are not reflected in the Chapter 20 appropriation schedule. The figures in the table assume, however, that the bonds will be used in the same

amounts by year as the transportation revenue bonding under the Governor's bill. The full amount of the Joint Finance cost review program supplement is shown in a separate line, although the Committee could provide a smaller supplement (or no supplement) under the provision. Not shown in this table is the effect on the program of a provision that would utilize any additional federal funds received by the state, subject to certain limits, in the state highway rehabilitation program in order to transfer an equal amount of SEG funds to a newly-created grant program for traffic marking enhancements (summarized in the Local Transportation Assistance section under "Traffic Marking Enhancements for Elderly Drivers Grant Program"). This item may have the effect of increasing the FED appropriation (estimated at \$2,200,000 in 2003-04, which is the estimated federal 0.08 blood alcohol level incentive grant for federal fiscal year 2003), and reducing the amount of SEG available in that year by the same amount. This amount is not shown, however, since it would only affect the mix of SEG and FED funds available for the program, not the overall funding available, and would only occur if the state receives additional federal funds.

<u>Fund</u>	<u>Governor</u>		<u>Joint Finance</u>	
	<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>
SEG	\$40,809,600	\$82,884,200	\$57,554,400	\$80,678,300
FED	265,339,400	279,238,900	349,626,500	334,759,600
SEG-S (Trans. Revenue Bonds)	147,708,000	128,135,700	0	0
GPR-Supported Bonds	<u>0</u>	<u>0</u>	<u>147,708,000</u>	<u>128,135,700</u>
Subtotal	\$453,857,000	\$490,258,800	\$554,888,900	\$543,573,600
Cost Review Program Supplement*	N.A.	N.A.	\$0	\$11,120,500
Total with Maximum Supplement	\$453,857,000	\$490,258,800	\$554,888,900	\$554,694,100

*Contingent upon the review and approval of the Joint Committee on Finance of the Department's report on highway program cost control measures.

As shown in the table, the Committee's action would increase the total funding for the program to \$554,888,900 in 2003-04 and, with the maximum program supplement, to \$554,694,100 in 2004-05. These amounts are slightly lower than the total appropriation base of \$556,025,100, due to the effect of: (a) standard budget adjustments; (b) funding shifts, in the Governor's bill and approved by the Committee, associated with moving the funding source of certain positions; and (c) an item, also in the Governor's bill and approved by the Joint Committee on Finance, that would eliminate positions in the Department.

Veto by Governor [B-33]: Delete \$43,777,200 SEG and \$74,799,600 FED in 2003-04 and \$38,583,400 SEG and \$47,776,600 FED in 2004-05 by deleting the amounts provided for the program in the appropriations schedule (\$57,554,400 SEG and \$351,826,500 FED in 2003-04 and \$80,678,300 SEG and \$334,759,600 FED in 2004-05) and writing in smaller amounts (\$9,781,800 SEG and \$277,026,900 FED in 2003-04 and \$37,678,300 SEG and \$286,983,000 FED in 2004-05). The new SEG amounts that the Governor wrote in the appropriations schedule for the program include the effect of this item plus a separate part of the veto, summarized under "Highway Program Project Delivery Base Budget Reductions" later in the State Highway Program section,

that deletes \$3,995,400 SEG in 2003-04 and \$4,416,600 SEG in 2004-05 for the program's budget for limited term employee staff and engineering consultants. In his veto message, the Governor indicates that the FED reductions for the program would be reallocated to the major highway development program.

Modify a provision that would have made existing transportation fund-supported, general obligation bonding available for the Marquette Interchange reconstruction project to allow the bonding to be used for state highway rehabilitation projects. A separate part of this veto, summarized under "Transportation Fund-Supported, General Obligation Bonding" in the Transportation Finance section, increased the available amount of this bonding from \$100,000,000 to \$1,000,000,000. In his veto address, the Governor indicated that of the \$1,000,000,000 in bonding, \$253,900,000 in 2003-04 and \$230,000,000 in 2004-05 would be used for the state highway rehabilitation program. Another part of the veto, summarized under "General Fund-Supported, General Obligation Bonding for State Highways" in the Transportation Finance section, eliminated the \$275,843,700 in general fund-supported, general obligation bonds that the Legislature had provided for the program.

The following table compares the total funding for the state highway rehabilitation program under the enrolled bill, as passed by the Legislature, and under Act 33. The table reflects the effect of this item plus the effect of the veto of funding for LTE employees and engineering consultants. A separate veto eliminated funding in the Joint Committee on Finance supplemental SEG appropriation that may have been provided for the program, pending a review of the cost of delivering construction projects in the highway program. This item is summarized under "Highway Program Cost Review" later in the State Highway Program section. As with the table shown above under "Joint Finance/Legislature," this table excludes the \$2,200,000 FED in 2003-04 from the federal 0.08 blood alcohol incentive grant since this amount does not have a net impact on the funding available for the program.

<u>Fund</u>	<u>Legislature</u>		<u>Act 33</u>	
	<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>
SEG	\$57,554,400	\$80,678,300	\$9,781,800	\$37,678,300
FED	349,626,500	334,759,600	274,826,900	286,983,000
GPR-Supported Bonds	147,708,000	128,135,700	0	0
SEG-Supported Bonds	<u>0</u>	<u>0</u>	<u>253,900,000</u>	<u>230,000,000</u>
Subtotal	\$554,888,900	\$543,573,600	\$538,508,700	\$554,661,300
Cost Review Program Supplement*	\$0	\$11,120,500	N.A.	N.A.
Total with Maximum Supplement	\$554,888,900	\$554,694,100	\$538,508,700	\$554,661,300

*Contingent upon the review and approval of the Joint Committee on Finance of the Department's report on highway program cost control measures.

[Act 33 Sections: 1694f and 1699q]

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.395(3)(cq)&(cx)), 1694f, and 1699q]

2. MARQUETTE INTERCHANGE RECONSTRUCTION [LFB Paper 761]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
SEG	-\$72,529,000	\$73,261,400	-\$61,184,800	-\$60,452,400
FED	40,423,800	8,843,800	0	49,267,600
SEG-S	<u>85,500,000</u>	<u>- 85,500,000</u>	<u>0</u>	<u>0</u>
Total	\$53,394,800	-\$3,394,800	-\$61,184,800	-\$11,184,800

Governor: Reduce funding for the current law appropriations for southeast Wisconsin freeway rehabilitation by \$16,052,600 annually, which is the net effect of reductions of \$32,302,400 SEG in 2003-04 and \$40,226,600 SEG in 2004-05 and increases of \$16,249,800 FED in 2003-04 and \$24,174,000 FED in 2004-05. Provide \$85,500,000 SEG-S in 2004-05 in a newly-created, continuing appropriation for the expenditure of revenue bond proceeds for the Marquette Interchange reconstruction project, which, when combined with the changes in SEG and FED funds in that year for southeast Wisconsin freeway rehabilitation, would result in a net increase in funding for the three appropriations of \$69,447,400 in 2004-05.

Specify that revenue bond proceeds may be used for the Marquette Interchange reconstruction project and include the project in a list of purposes for which the Building Commission may issue revenue obligations. Modify appropriations for the temporary financing (prior to reimbursement with bond proceeds) and revenue obligation funding of major highway development projects and transportation administrative facilities to specify that these appropriations also apply to the management of revenue bond financing for the Marquette Interchange reconstruction project. Include the appropriation for revenue obligation funding in an exclusive list of appropriations from which southeast Wisconsin freeway rehabilitation projects, including projects that involve adding one of more lanes five miles or more in length, may be funded.

The Department indicates that, under the bill, the start of the reconstruction of the Marquette Interchange would be delayed by about one year from what had previously been planned, from the fall of 2003 to the fall of 2004. The project would, as had previously been planned, take four years to complete, but would be completed in the fall of 2008 instead of the fall of 2007. The major contract lettings for the project would occur in 2004-05 and 2005-06, instead of the two fiscal years of the 2003-05 biennium. The Department estimates the cost of the project at \$890 million. Of this amount, \$160.6 million has been provided in the 2001-03 biennial budget, which reduces the amount of additional funding required to \$729.4 million. The bill would provide a total of \$244 million over the biennium, which would leave \$485.4 million to be provided in 2005-07.

The following table shows the total proposed funding for the southeast Wisconsin freeway rehabilitation appropriations during the biennium, plus the Marquette Interchange bonding appropriation. The totals reflect the effect of this item, plus standard budget adjustment increases of \$18,700 SEG annually. The 2002-03 base includes the following: (a) funding that had been provided by the 2001-03 biennial budget act for the Marquette Interchange project in 2002-03 (\$18,000,400 SEG and \$27,925,300 FED, for a total of \$45,925,700,

which excludes one-time federal funds of \$62,400,000 and includes adjustments for base reconciliation); and (b) base funds transferred to the southeast Wisconsin freeway rehabilitation appropriations by the Joint Committee on Finance, at its December, 2002, meeting, from the appropriations for state highway rehabilitation in order to establish a base for non-Marquette Interchange projects on the southeast Wisconsin freeways using funds that had been allocated for those projects (\$22,207,500 SEG and \$27,142,500 FED, for a total of \$49,350,000). The administration indicates, however, that all funding in the southeast Wisconsin freeway rehabilitation appropriations during the 2003-05 biennium would be allocated to the Marquette Interchange project, leaving no funding for other southeast Wisconsin freeway rehabilitation projects (funding for non-freeway rehabilitation projects in southeast Wisconsin would continue to be provided through the state highway rehabilitation appropriations).

<u>Fund</u>	<u>2002-03 Base</u>	<u>Governor</u>	
		<u>2003-04</u>	<u>2004-05</u>
SEG	\$40,207,900	\$7,924,200	\$0
FED	55,067,800	71,317,600	79,241,800
Bonding	<u>0</u>	<u>0</u>	<u>85,500,000</u>
Total	\$95,275,700	\$79,241,800	\$164,741,800

Joint Finance/Legislature: Increase funding by \$16,052,600 SEG in 2003-04 and \$57,208,800 SEG and \$8,843,800 FED in 2004-05 in the southeast Wisconsin freeway rehabilitation appropriations, which is the net effect of: (a) a decision to restore the net reduction in the Governor's bill to the SEG and FED funds in these appropriations (\$16,052,600 SEG annually); and (b) a decision to provide an additional \$50,000,000 in 2004-05 (\$41,156,200 SEG and \$8,843,800 FED) for the Marquette Interchange reconstruction project. Replace \$6,000,000 in federal highway formula aid funds provided in 2003-04 for the Marquette Interchange project with \$6,000,000 in federal funds received through a congressional earmark for the project in the federal fiscal year 2003 appropriations act. Replace \$8,000,000 in formula funds annually with additional, estimated congressional earmarks of \$8,000,000 annually from subsequent appropriations acts. Delete \$85,500,000 SEG-S in 2004-05 to eliminate the revenue bonding provided for the Marquette Interchange project and eliminate the provisions in the bill related to the use and issuance of revenue bonding for the project, including the SEG-S revenue bond appropriation. (The fiscal effect of the elimination of \$483,820,000 in bonding authorization for the Marquette Interchange, which the bill would have provided for the project in the 2003-05 biennium and the 2005-07 biennium, is summarized under "Revenue Bonding Increases" and the associated reduction in transportation revenue bond debt service is summarized under "Transportation Fund Debt Service Reestimate", both of which are in the Transportation Finance section.)

Delete \$40,000,000 of bonding authorization out of a total of \$140,000,000 of existing bonding authorization that was provided by 2001 Act 109 (but not yet used) to compensate for any unanticipated reductions in federal highway aid (the fiscal effect of this reduction in existing bonding authorization is summarized under "Transportation Fund-Supported, General

Obligation Bonding" in the Transportation Finance section). Specify that the remaining \$100,000,000 in existing authority may be used for the Marquette Interchange reconstruction project in any fiscal year, notwithstanding the current law provisions that allow it to be used only if the amount of federal highway aid received by the state falls below 95% of the amount estimated to be received and the Joint Committee on Finance approves the use, if all of the following apply: (a) the SEG and FED funds in the southeast Wisconsin freeway rehabilitation appropriations that are allocated to the Marquette Interchange and are not transferred to the SEG appropriation for the payment of debt service on previously issued bonds (see the following paragraph for a summary of this procedure) are not sufficient to meet expenditure obligations for the project in that year; (b) the bond issuance results in an amount of bond proceeds in that fiscal year that does not exceed the difference between the expenditure obligations for the project in that fiscal year and the amount of SEG and FED funds allocated, and not transferred for the payment of debt service on previously issued bonds, for the Marquette Interchange project in that fiscal year; (c) no payment of principal and interest on the bonds is required after June 30, 2009; and (d) the Department has expended, encumbered, or transferred for the payment of debt service, all funds allocated in the southeast Wisconsin freeway rehabilitation appropriations for the Marquette Interchange for the fiscal year in which the bonds are issued, has maximized the use of any other SEG or FED funds available for the project in that fiscal year, and has exhausted other viable options for funding expenditure obligations for the project in that fiscal year by means other than the issuance of bonds.

Require DOT, if the general obligation bonds authorized for the project are issued, to transfer SEG funds, to the maximum extent possible, from the appropriation for southeast Wisconsin freeway rehabilitation and allocated to the Marquette Interchange project to the existing appropriation for the payment of debt service on these bonds. Specify that, beginning in 2003-04 and in each fiscal year thereafter until the end of 2010-11 (the year in which the southeast Wisconsin freeway rehabilitation appropriations are sunset), DOT may submit a request to the Joint Committee on Finance under a 14-day passive review process, to transfer FED funds in the appropriation for southeast Wisconsin freeway rehabilitation that are allocated to the Marquette Interchange project, other than congressional earmarks for the project, to the FED appropriations for state highway rehabilitation or major highway development and transfer an equal amount of SEG funds from those programs to the debt service appropriation for bonds issued for the Marquette Interchange reconstruction project. Specify that if DOT submits such a request and the Co-Chairs do not notify the Department within 14 working days after the date of the submittal that the Committee has scheduled a meeting for the purpose of reviewing the request, the Department may take the action specified in the request. Specify that if, within 14 working days after the date of the submittal, the Co-Chairs notify the Department that the Committee has scheduled a meeting for the purpose of reviewing the request, the Department may not take the action specified in the request until it is approved by the Committee, as submitted or as modified.

Debt service payments on bonds issued for the Marquette Interchange reconstruction project are estimated at \$82,300 SEG in 2004-05. Since this amount would be transferred from the SEG appropriation for southeast Wisconsin freeway rehabilitation to the existing debt

service appropriation, there would be no additional SEG fiscal effect associated with this debt service. The estimate is based upon the minimum issuance of bonds necessary to meet the expected expenditure requirements for the project in 2004-05.

Require DOT, in submitting its agency budget request for the 2005-07 biennium, to include a funding plan for the remainder of the Marquette Interchange reconstruction project, including specification of all expenditure amounts anticipated to be necessary from the southeast Wisconsin freeway rehabilitation appropriations and the amount of bonding authorization anticipated to be necessary. Specify that the plan shall maximize the use of SEG and FED funds and minimize the use of bond proceeds, to the extent possible, in meeting expenditure obligations for the project, and shall not include issuance of bonds requiring debt service payments after June 30, 2009.

The following table shows the total amount of funds in the southeast Wisconsin freeway rehabilitation appropriations under the Joint Committee on Finance substitute amendment. A separate item (summarized below) would require the Department to allocate \$49,350,000 on an annual basis from the SEG and FED amounts appropriated for southeast Wisconsin freeway rehabilitation appropriations for southeast Wisconsin freeway rehabilitation projects other than the Marquette interchange. Therefore, although the total amounts available for southeast Wisconsin freeway rehabilitation projects, including the \$100,000,000 in existing bonding authority, equals \$95,294,000 in 2003-04 and \$245,294,000 in 2004-05, the amount that would be available for the Marquette Interchange would be \$45,944,000 in 2003-04 and \$195,944,000 in 2004-05, for a biennial total of \$241,888,000. Under the Department's construction plan for the interchange, a total of \$235.9 million would be encumbered for the interchange over the biennium.

	Governor		Joint Finance	
	<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>
SEG	\$7,924,200	\$0	\$23,976,400	\$57,208,400
FED--Formula Funds	71,317,600	79,241,800	57,317,600	80,085,600
FED--Congressional Earmarks	0	0	14,000,000	8,000,000
SEG-S (Trans. Revenue Bonds)	0	85,500,000	0	0
Existing SEG-Supported Bonds	<u>0</u>	<u>0</u>	<u>0</u>	<u>100,000,000</u>
Total	\$79,241,800	\$164,741,800	\$95,294,000	\$245,294,000
Minus Allocation for Other Southeast Freeway Projects	\$0	\$0	-\$49,350,000	-\$49,350,000
Total Amount Available for Marquette Interchange	\$79,241,800	\$164,741,800	\$45,944,000	\$195,944,000

Veto by Governor [B-33]: Delete \$23,976,400 SEG in 2003-04 and \$37,208,400 SEG in 2004-05 for the southeast Wisconsin freeway rehabilitation program by deleting the amounts provided for the program in the SEG appropriation (\$23,976,400 in 2003-04 and \$57,208,400 in 2004-05) and retaining \$0 in 2003-04 and writing in a smaller amount (\$20,000,000) in 2004-05.

Delete the provisions that place restrictions on the use of the transportation fund-supported, general obligation bonds for the Marquette Interchange project, including: (a) the requirement that these bonds be used for the project only if the SEG and FED funds provided for the project in a given year are insufficient to meet expenditure obligations on the project in that year; and (b) the requirement that the bonds be structured so that no debt service payments on the bonds extend beyond June 30, 2009. Modify the provision governing the use of the transportation fund-supported, general obligation bonds to allow them to be used in the state highway rehabilitation and southeast Wisconsin freeway rehabilitation programs, instead of just the Marquette Interchange project. A separate part of the veto, summarized under "Transportation Fund-Supported, General Obligation Bonding" in the Transportation Finance section, increased the available amount of these bonds from \$100,000,000 to \$1,000,000,000. In his veto address, the Governor indicates that of this amount of bonding, \$15,924,200 in 2003-04 and \$65,656,200 in 2004-05 will be used for the southeast Wisconsin freeway rehabilitation program.

Delete the requirement that DOT transfer funds from the SEG appropriation for southeast Wisconsin freeway rehabilitation that are allocated to the Marquette Interchange project to the debt service appropriation for the bonds issued for the Marquette Interchange project. Delete a similar provision allowing DOT to transfer funds from the FED appropriation, subject to the approval of the Joint Committee on Finance under a 14-day passive review process, to the FED appropriation for other highway improvement programs so that these funds can be exchanged for SEG funds in those programs to be used for debt service payments.

Delete the provision requiring DOT to include a funding plan for the remainder of the Marquette Interchange reconstruction project in its agency budget request for the 2005-07 biennium.

The following table compares the funding in the southeast Wisconsin freeway rehabilitation appropriations in the enrolled bill, as passed by the Legislature, and in Act 33. A separate veto deleted a requirement that DOT allocate \$49,350,000 annually from these appropriations for projects on the southeast Wisconsin freeway system other than the Marquette Interchange. As a result, the full amount of funding provided in southeast Wisconsin freeway rehabilitation appropriations by the act could be used on the Marquette Interchange project. Under the columns showing the funding provided by the Legislature, the allocation for non-Marquette Interchange projects is deducted to show the amount available for the Marquette Interchange project. Over the biennium, the amount that is available for the Marquette Interchange project under the act is \$260,983,600, compared with \$241,888,000 in the enrolled bill.

	<u>Legislature</u>		<u>Act 33</u>	
	<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>
SEG	\$23,976,400	\$57,208,400	\$0	\$20,000,000
FED--Formula Funds	57,317,600	80,085,600	57,317,600	80,085,600
FED--Congressional Earmarks	14,000,000	8,000,000	14,000,000	8,000,000
SEG-Supported Bonds	<u>0</u>	<u>100,000,000</u>	<u>15,924,200</u>	<u>65,656,200</u>
Total	\$95,294,000	\$245,294,000	\$87,241,800	\$173,741,800
Minus Allocation for Other				
Southeast Freeway Projects	-\$49,350,000	-\$49,350,000	N.A.	N.A.
Total Amount Available for Marquette Interchange	\$45,944,000	\$195,944,000	\$87,241,800	\$173,741,800

[Act 33 Sections: 683d and 1694f]

[Act 33 Vetoed Sections: 286 (as it relates to s. 20.395(3)(cr)), 683d, 1672g, 1672h, 1672i, 1694f, and 9153(3r)]

3. ALLOCATION OF FUNDS FOR SOUTHEAST WISCONSIN FREEWAY REHABILITATION PROJECTS OTHER THAN THE MARQUETTE INTERCHANGE [LFB Paper 761]

Joint Finance/Legislature: Require DOT, beginning in 2003-04 and in each fiscal year thereafter until the end of 2010-11 (the final year before the southeast Wisconsin freeway rehabilitation appropriations are sunset under current law), to allocate at least \$49,350,000 in each year from the SEG and FED appropriations for southeast Wisconsin freeway rehabilitation, or the total unencumbered balance in those appropriations, whichever is less, for southeast Wisconsin freeway rehabilitation projects other than the Marquette Interchange project. Specify that any amounts that are not encumbered out of the annual allocation in one fiscal year for these projects shall be added to the allocation for such projects in the subsequent fiscal year, and shall not otherwise affect the subsequent fiscal year's allocation.

Specify that the Department may, in any fiscal year, reallocate funds allocated to southeast Wisconsin freeway rehabilitation other than the Marquette Interchange to the Marquette Interchange project if both of the following apply: (a) the non-Marquette Interchange allocation was not reduced in the previous year; and (b) the reallocation is approved, or modified and approved, by the Joint Committee on Finance under a 14-day passive review process. Specify that if funds are reallocated as outlined above, DOT shall, in the subsequent fiscal year, allocate funds that otherwise would have been allocated to the Marquette Interchange reconstruction project to other southeast Wisconsin freeway rehabilitation projects, such that the allocation for these other projects is increased in that year by the amount that was reallocated to the Marquette Interchange in the previous year.

Specify, under the 14-day passive review process for the reallocation of funds to the Marquette Interchange, that if the Co-Chairs do not notify the Department within 14 working days after the date of the submittal that the Committee has scheduled a meeting for the purpose of reviewing the request, the request is considered approved and the Department may take the action specified in the request. Specify that if, within 14 working days after the date of the submittal, the Co-Chairs notify the Department that the Committee has scheduled a meeting for the purpose of reviewing the request, the Department may not take the action specified in the request until it is approved by the Committee, as submitted or as modified.

Veto by Governor [B-33]: Delete provision.

[Act 33 Vetoed Section: 1672c]

4. MAJOR HIGHWAY DEVELOPMENT -- FUNDING LEVEL [LFB Paper 760]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
SEG	-\$52,720,500	-\$5,245,900	-\$16,348,700	-\$74,315,100
FED	- 55,965,600	0	0	- 55,965,600
SEG-S	<u>71,238,400</u>	<u>- 58,544,800</u>	<u>0</u>	<u>12,693,600</u>
Total	-\$37,447,700	-\$63,790,700	-\$16,348,700	-\$117,587,100

Governor: Reduce funding for the major highway development program by a total of \$20,707,300 in 2003-04 and \$16,740,400 in 2004-05, which is the net effect of the following funding changes: (a) a reduction of \$34,648,100 SEG in 2003-04 and \$18,072,400 SEG in 2004-05; (b) a reduction of \$29,215,500 FED in 2003-04 and \$26,750,100 FED in 2004-05; and (c) an increase in the use of revenue bond proceeds of \$43,156,300 SEG-S in 2003-04 and \$28,082,100 in 2004-05. Under the bill, the use of revenue bond proceeds would be increased to partially offset the decreases in SEG and FED funding for the program. Bonds would provide 79.2% of the total funding for the program in 2003-04 and 71.2% in 2004-05, compared to 53.9% in the base year. Federal funds used in the program would decrease, relative to the base, by 50.4% in 2003-04 and 46.2% in 2004-05. Under the bill, total federal highway aid is estimated to decrease from \$567,000,000 in the base year to \$501,800,100 in 2003-04 and to \$527,100,100 in 2004-05, or reductions, from the base, of 11.5% and 7.0%, respectively. Total funding for the major highway development program would decline, relative to the base, by 9.5% in 2003-04 and 8.0% in 2004-05.

The following table shows the proposed funding for the program by funding source. The funding in each year of the biennium reflects the net effect of this item, plus the following: (a) standard budget adjustments (\$89,400 SEG annually); (b) a reduction in the program's budget for limited-term employees and for consultant contracts (-\$1,997,700 SEG in 2003-04 and -\$2,208,300 SEG in 2004-05); and (c) a reduction of funding associated with the elimination of certain positions in the Division of Transportation Districts (-\$335,400 SEG in 2003-04 and -\$421,200 SEG in 2004-05).

<u>Fund</u>	<u>2002-03 Base</u>	<u>Governor</u>	
		<u>2003-04</u>	<u>2004-05</u>
SEG	\$53,563,400	\$16,671,600	\$32,950,900
FED	57,948,500	28,733,000	31,198,400
Bonding	<u>130,139,100</u>	<u>173,295,400</u>	<u>158,221,200</u>
Total	\$241,651,000	\$218,700,000	\$222,370,500

Joint Finance/Legislature: Provide funding increases such that, with the use of general fund-supported, general obligation bonds for the program, the base level of funding for projects would be restored. These amounts, which total \$20,707,300 in 2003-04 and \$16,740,400 in 2004-05, are the net effect of the following: (a) a decision to replace the above-base increases in transportation revenue bonding provided in the Governor's bill (\$43,156,300 SEG-S in 2003-04 and \$28,082,100 SEG-S in 2004-05) with an equal amount of general fund-supported, general obligation bonds; (b) a decision to provide an additional \$30,000,000 (assumed to be split evenly between the fiscal years) in general fund-supported, general obligation bonding for the program; (c) an above-base increase in transportation revenue bonding of \$6,028,300 SEG-S in 2003-04 and \$6,665,300 SEG-S in 2004-05; and (d) a decrease of \$321,000 SEG in 2003-04 and \$4,924,900 SEG in 2004-05. The fiscal effect of the SEG and SEG-S changes (transportation revenue bonding) are reflected in this item, while the provision of general fund-supported, general obligation bond authorization and the associated debt service are summarized in the Transportation Finance section under "General Fund-Supported, General Obligation Bonding for State Highways" and "General Fund Debt Service for Transportation Programs," respectively.

The following table compares the total funding for the program under the bill and under the Joint Committee on Finance's substitute amendment. The SEG, FED, and SEG-S amounts shown under Joint Finance reflect the effect of this item, a decision to restore the base level of funding for limited term employee staff and engineering consultants (a total of \$1,997,700 SEG in 2003-04 and \$2,208,300 SEG in 2004-05), a decision to delete funding for the fifth week of vacation as cash standard budget adjustment (-\$1,900 SEG annually), and a decision to transfer \$4,833,000 SEG in 2004-05 (along with \$11,120,500 from the SEG appropriation for the state highway rehabilitation program) to the Joint Committee on Finance's SEG appropriation for program supplements, pending a review of costs under the highway program (summarized below under "Highway Program Cost Review"). The table shows the general fund-supported, general obligation bonds in a separate line. Since these amounts are made available through a general obligation bonding authorization, they are not reflected in the Chapter 20 appropriation schedule. The figures in the table assume, however, that the GPR-supported bonds that are provided to replace the above-base increases in transportation revenue bonds in the Governor's bill would be used in the same amounts that the Governor's bill provided the revenue bonds and that the additional \$30,000,000 in GPR-supported bonds would be used in the amount of \$15,000,000 annually. The full amount of the Joint Finance cost review program supplement is shown in a separate line, although the Committee could provide a smaller supplement (or no supplement) under the provision.

<u>Fund</u>	<u>Governor</u>		<u>Joint Finance</u>	
	<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>
SEG	\$16,671,600	\$32,950,900	\$18,346,400	\$25,399,400
FED	28,733,000	31,198,400	28,733,000	31,198,400
SEG-S (Trans. Revenue Bonds)	173,295,400	158,221,200	136,167,400	136,804,400
GPR-Supported Bonds	<u>0</u>	<u>0</u>	<u>58,156,300</u>	<u>43,082,100</u>
Subtotal	\$218,700,000	\$222,370,500	\$241,403,100	\$236,484,300
Cost Review Program Supplement*	N.A.	N.A.	0	\$4,833,000
Total with Maximum Supplement	\$218,700,000	\$222,370,500	\$241,403,100	\$241,317,300

*Contingent upon the review and approval of the Joint Committee on Finance of the Department's report on highway program cost control measures.

As shown in the table, the Committee's action would increase the total funding for the program to \$241,403,100 in 2003-04 and, with the maximum supplement, to \$241,317,300 in 2004-05. These amounts are slightly lower than the total appropriation base of \$241,651,000 due to the effect of standard budget adjustments and an item, included in the Governor's bill and approved by the Committee, that would eliminate positions in the Department.

Veto by Governor [B-33]: Delete \$16,348,700 SEG in 2003-04 by deleting the amount provided in the appropriation in that year to leave \$0. In addition to this change, other vetoes affect the funding for the program. First, a separate part of the veto, summarized under "Highway Program Project Delivery Base Budget Reductions" later in the State Highway Program section, deletes an additional \$1,997,700 SEG in 2003-04 and \$2,208,300 SEG in 2004-05 from the program's budget for limited term employee staff and engineering consultants. Second, in his veto message, the Governor indicates that the major highway development program would be supplemented with federal funds that were deleted from the FED appropriation for state highway rehabilitation. The amount of this reallocation of funds is \$74,799,600 FED in 2003-04 and \$47,776,600 FED in 2004-05, although these amounts are not reflected in the appropriations schedule. Third, the Governor deleted the general fund-supported, general obligation bonds that the Legislature had made available for the program (\$58,156,300 in 2003-04 and \$43,082,100 in 2004-05). Finally, a separate veto eliminated funding in the Joint Committee on Finance supplemental SEG appropriation that may have been provided for the program, pending a review of the cost of delivering construction projects in the highway program. This item is summarized under "Highway Program Cost Review" later in the State Highway Program section. The following table compares the total funding level for the program under the enrolled bill, as passed by the Legislature, and under Act 33, including all of these adjustments.

Fund	Legislature		Act 33	
	<u>2003-04</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2004-05</u>
SEG	\$18,346,400	\$25,399,400	\$0	\$23,191,100
FED	28,733,000	31,198,400	103,532,600	78,975,000
SEG-S (Trans. Revenue Bonds)	136,167,400	136,804,400	136,167,400	136,804,400
GPR-Supported Bonds	<u>58,156,300</u>	<u>43,082,100</u>	<u>0</u>	<u>0</u>
Subtotal	\$241,403,100	\$236,484,300	\$239,700,000	\$238,970,500
Cost Review Program Supplement*	0	\$4,833,000	N.A.	N.A.
Total with Maximum Supplement	\$241,403,100	\$241,317,300	\$239,700,000	\$238,970,500

*Contingent upon the review and approval of the Joint Committee on Finance of the Department's report on highway program cost control measures.

[Act 33 Vetoed Section: 286 (as it relates to s. 20.395(3)(bq))]

5. MAJOR HIGHWAY DEVELOPMENT -- PROJECT ENUMERATION [LFB Paper 760]

Joint Finance/Legislature: Enumerate the following four major highway development projects in the statutes: (a) USH 14 from approximately two miles west of Westby to 1.5 miles south of Viroqua in Vernon County; (b) USH 18 from Main Street in the City of Prairie du Chien to STH 60 in the Town of Bridgeport in Crawford County; (c) USH 41 from 0.5 miles south of STH 26 to 0.5 miles north of Breezewood Lane in the City of Neenah in Winnebago County; and (d) USH 41 from Orange Lane in the Town of Lawrence, one mile south of CTH F, to CTH M in Brown County.

The following table shows the four projects that would be enumerated, including the length of each project and the estimated cost, excluding design costs. Statutory enumeration is a prerequisite to construction for major highway development projects.

<u>Highway</u>	<u>County</u>	<u>Segment</u>	<u>Project Length (In Miles)</u>	<u>Estimated Cost (In Millions)</u>
USH 14	Vernon	Westby to Viroqua Bypass	13	\$41.0
USH 18	Crawford	Prairie du Chien to STH 60	7	29.2
USH 41	Brown	CTH F to CTH M	14	205.0
USH 41	Winnebago	STH 26 to Breezewood Lane	17	<u>225.0</u>
TOTAL				\$500.2

[Act 33 Sections: 1671d thru 1671t]

6. FUNDING BASE FOR HIGHWAY PROGRAMS FOR 2005-07 BIENNIAL BUDGET

Joint Finance/Legislature: Direct DOT to add to its 2005–07 biennial budget request to DOA the amounts shown in the following table to the corresponding appropriations to establish its 2004-05 fiscal year appropriation base for state highway programs.

<u>Appropriation</u>	<u>Amount</u>
State Highway Rehabilitation SEG	\$128,135,700
Major Highway Development SEG	64,210,200
Southeast Wisconsin Freeway Rehabilitation SEG	52,654,100
Major Highway Development SEG-S (Revenue Bonding)	28,871,900

The amounts shown in the table would be added to the amounts that would otherwise be established as the appropriation base for the highway programs. The total of the SEG amounts is \$245,000,000, which equals the total of the transportation fund appropriations in 2004-05 for shared revenue (\$170,000,000) and K-12 education aids (\$60,000,000), plus the \$15,000,000 transfer in 2004-05, included in the Governor's bill, from the transportation fund to the general fund. (Instead of a \$15,000,000 annual transfer, the Joint Committee on Finance's substitute amendment would transfer \$30,000,000 in 2004-05, but nothing in 2003-04.) Since both appropriations would be sunset at the end of 2004-05 and the transfer would not recur, \$245,000,000 of SEG funds would otherwise be uncommitted going into the 2005-07 biennium. This item would direct the Department, in its budget request for the 2005-07 biennium, to allocate an amount to the appropriation base for state highway rehabilitation and major highway development to replace the general fund-supported, general obligation bonds used in those programs in 2004-05 (\$128,135,700 and \$43,082,100, respectively), plus allocate an additional \$21,128,100 SEG for the major highway development program. The additional amount allocated for the major highway development program base, when combined with the increase of \$28,871,900 SEG-S in the transportation revenue bonding base for the program, would increase the total base for the major highway development program by \$50,000,000. The remaining \$52,654,100 in unallocated SEG funds would be allocated to the base for the southeast Wisconsin freeway rehabilitation appropriation for use on the Marquette Interchange reconstruction project.

Veto by Governor [B-33]: Delete the required base adjustments for the SEG and SEG-S appropriations for the major highway development program.

[Act 33 Section: 9153(1r)]

[Act 33 Vetoed Section: 9153(1r)]

7. STATE HIGHWAY MAINTENANCE AND TRAFFIC OPERATIONS [LFB Paper 762]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	\$18,761,800	- \$33,561,800	- \$14,800,000

Governor: Provide \$3,327,100 in 2003-04 and \$15,434,700 in 2004-05 for the highway maintenance and traffic operations program. These amounts reflect the net effect of the following changes: (a) an increase of \$3,729,200 in 2003-04 and \$7,551,700 in 2004-05 to provide 2.5% annual inflationary increases, calculated on a base that excludes: (i) costs related to salaries and fringe benefits for state employees; and (ii) the \$10,000,000 supplemental appropriation that was provided for the program in 2002-03 and made part of the appropriation base by the Joint Committee on Finance; (b) an additional increase of \$8,297,600 in 2004-05 for the program, with the intent of compensating for increases in traffic volume and lane miles of state highways; and (c) a reduction of \$402,100 in 2003-04 and \$414,600 in 2004-05 to reflect a decision (summarized separately under the Department of Natural Resources) to fund 50% of DNR's car-kill deer program through a transportation fund appropriation and to reduce the budget for the maintenance and traffic operations program by a corresponding amount.

Joint Finance/Legislature: Reduce funding by \$3,327,100 in 2003-04 and \$15,434,700 in 2004-05 to eliminate the above-base increases provided by the Governor's bill and reduce funding by an additional \$7,400,000 annually to eliminate funding that was included in the base of the program for installation of traffic signals, highway lighting, highway signs, pavement marking, and intelligent transportation systems. Convert the state highway maintenance and traffic operations SEG appropriation from a biennial appropriation to a continuing appropriation. The \$7,400,000 annual reduction amounts to a 4.6% reduction to the program's non-salary base.

[Act 33 Section: 428m]

8. FUNDING OF HIGHWAY SIGNS, TRAFFIC SIGNALS, HIGHWAY LIGHTING, PAVEMENT MARKINGS, AND INTELLIGENT TRANSPORTATION SYSTEMS

Governor: Delete provisions, created by 2001 Act 16, that: (a) prohibited DOT from funding the installation, replacement, rehabilitation, or maintenance of highway signs, traffic control signals, highway lighting, pavement markings, or intelligent transportation systems, unless such projects are incidental to the improvement of existing state trunk and connecting highways, from the state highway rehabilitation and southeast Wisconsin freeway rehabilitation appropriations; and (b) excluded these activities from the definition of "improvement" or "highway improvement" as they relate to highway construction activities, and, instead, included these activities under the program description for the highway maintenance program. Move a provision that authorizes the Department to contract with a private entity for services or materials associated with these activities (also created by Act 16) from a statutory section related to the state highway maintenance program to a newly-created, stand-alone section. Other Act

16 changes that included these activities under the description of activities that may be funded from the appropriations for state highway maintenance and traffic operations would be retained. Therefore, under the bill, the Department would no longer be explicitly prohibited from funding these activities from the state highway rehabilitation and southeast Wisconsin freeway rehabilitation appropriations, but would continue to be able to fund these activities from the state highway maintenance and traffic operations appropriations.

In connection with the statutory changes made in Act 16, the act transferred \$27,000,000 in 2001-02, which is the amount that DOT had indicated is spent on these activities on an annual basis, from the SEG appropriation for state highway rehabilitation to the SEG appropriation for state highway maintenance and traffic operations. No funding, however, was transferred in 2002-03. Instead, the Department was authorized to submit a request to the Joint Committee on Finance to transfer \$10,000,000 in 2002-03 between these appropriations for these functions. Instead of requesting a transfer in 2002-03, the Department requested a supplemental appropriation of \$10,000,000 for the highway maintenance and traffic operations appropriation, which was approved. In submitting the request, the Department indicated that some, but not all, of the requested supplement would be used for the functions that had been transferred to the maintenance program as a result of the Act 16 provision. The bill would not make adjustments to the base budgets of either the highway maintenance or rehabilitation programs to reflect the changes made by this item.

Joint Finance/Legislature: Delete provision.

9. HIGHWAY PROGRAM PROJECT DELIVERY BASE BUDGET REDUCTIONS [LFB Paper 760]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Veto (Chg. to Leg)	Net Change
SEG	-\$12,618,000	\$12,618,000	-\$12,618,000	-\$12,618,000

Governor: Reduce funding in the state highway rehabilitation and major highway development programs by a total of \$5,993,100 in 2003-04 and \$6,624,900 in 2004-05 to reflect reductions in the budgets for hiring consultants, for services such as design engineering and project management, and for limited-term employee (LTE) staff. LTE staff are used for such activities as preliminary design, real estate transactions, signing and marking, assisting bridge inspectors, reviewing local projects, and clerical work. The LTE budget for the Division of Transportation Districts would be reduced by 29.8%. This item is one of several measures identified by the administration to generate savings of \$15,000,000 annually from DOT appropriations for the purpose of transferring this amount to the general fund. The state highway program would also be affected by other initiatives (summarized separately) that would eliminate certain positions and reduce out-of-state travel on a Department-wide basis. The following table shows the proposed reductions by program and by budget item.

	<u>2003-04</u>	<u>2004-05</u>
State Highway Rehabilitation		
LTE Budget	-\$1,333,300	-\$1,333,300
Consultant Budget	<u>-2,662,100</u>	<u>-3,083,300</u>
Total State Highway Rehabilitation	-\$3,995,400	-\$4,416,600
Major Highway Development		
LTE Budget	-\$666,700	-\$666,700
Consultant Budget	<u>-1,331,000</u>	<u>-1,541,600</u>
Total Major Highway Development	-\$1,997,700	-\$2,208,300
Grand Total	-\$5,993,100	-\$6,624,900

Joint Finance/Legislature: Delete provision.

Veto by Governor [B-33]: Delete funding in both programs to restore the funding reductions contained in the Governor's original budget submission. In his veto address, the Governor indicates that the budget for LTE staff and engineering consultants for both programs is being reduced in both years, but the amount of this reduction in 2004-05 for the state highway rehabilitation program (\$4,416,600) is being retained in the appropriation for use on state highway rehabilitation projects. The fiscal effect of that retention is included under the "State Highway Rehabilitation" item.

[Act 33 Vetoed Section: 286 (as it relates to s. 20.395(3)(bq)&(cq))]

10. HIGHWAY PROGRAM COST REVIEW [LFB Paper 760]

SEG	- \$15,953,500
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Joint Finance/Legislature: Transfer \$11,120,500 SEG in 2004-05 from the appropriation for state highway rehabilitation and \$4,833,000 SEG in 2004-05 from the appropriation for major highway development (equal to 2% of the total base funding for each program) to the Joint Committee on Finance's supplemental SEG appropriation. (This item shows the fiscal effect of a reduction in DOT's appropriations. A separate item under Program Supplements shows the increase to the Joint Finance appropriation.)

Require DOT to submit a report to the Joint Committee on Finance by January 1, 2004, that includes the following: (a) the Department's response to any recommendations included in the Legislative Audit Bureau's performance audit of the state highway program (scheduled for completion in the fall of 2003); (b) the Department's recommendations of steps that may be taken or legislation that could be considered that could reduce costs in the state highway program; (c) information on current environmental requirements, highway improvement standards, and the degree of competitiveness in the construction industry, and how these factors contribute to the cost of highway projects; (d) the Department's recommendation on whether additional positions should be provided in the Division of Transportation Districts to replace the work done by engineering consultants to reduce project design costs; and (e) the

Department's recommendation on how to allocate any cost savings produced by either process modifications or the addition of DOT staff back to the Department's appropriations.

Specify that if the Co-Chairs do not notify DOT within 14 working days after the date of the submittal that the Committee has scheduled a meeting to review the report, the funding placed in the Committee's appropriation by this alternative would be transferred back to the corresponding appropriations for state highway rehabilitation and major highway development, with any modifications the Department recommends under "(e)". Specify that if, within 14 working days after the submittal, the Co-Chairs notify DOT that the Committee has scheduled a meeting to review the report, the funding shall remain in the Committee's supplemental appropriation until the Committee takes action to release the funding. Specify that the Committee may take action with respect to the report that it considers necessary, including releasing a portion of the funds and asking the Department to submit additional information to the Committee before additional funding for the state highway rehabilitation and major highway development programs is restored. Specify that the supplement provided for the state highway rehabilitation appropriation may not exceed \$11,120,500, the supplement provided for the major highway development appropriation may not exceed \$4,833,000, and the total supplement provided to DOT appropriations under this item may not exceed \$15,953,500.

Veto by Governor [B-34]: Delete provision. The Governor's veto deletes the funding in the Committee's appropriation, but does not restore this funding for the highway programs.

[Act 33 Vetoed Section: 9153(2x)]

11. FEDERAL FUNDS REDUCTION FOR STATE HIGHWAY MAINTENANCE AND TRAFFIC OPERATIONS

FED	- \$269,300
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Governor/Legislature: Reduce funding by \$178,200 in 2003-04 and \$91,100 in 2004-05 for the federal funds appropriation for state highway maintenance and traffic operations to reflect an estimated reduction in the amount of federal highway aid that the state will receive during the 2003-05 biennium. Under the bill, total federal highway aid will decrease from \$567,000,000 in the base year to \$501,800,100 in 2003-04 and \$527,100,100 in 2004-05, or reductions, from the base, of 11.5% and 7.0%, respectively. The federal funds appropriation for state highway maintenance and traffic operations, which funds the operations of the Milwaukee freeway traffic operations center, would be reduced, relative to the base, by 14.9% in 2003-04 and 7.6% in 2004-05, which would establish this appropriation at \$1,015,800 in 2003-04 and \$1,102,900 in 2004-05.

12. WEST CANAL STREET PROJECT IN THE CITY OF MILWAUKEE

Governor/Legislature: Modify provisions created in 2001 Act 16 to provide financial assistance to the City of Milwaukee for the reconstruction of West Canal Street, for the purpose of mitigating traffic associated with the reconstruction of the Marquette Interchange, to specify

that the funding may be used for the extension of the street to USH 41 at Miller Park, in addition to reconstruction.

Act 16 provided a total of \$10 million in funds from various sources to the City for the project on the condition that the City would contribute \$10 million towards the cost of the project. The proposed project involves the reconstruction of the existing West Canal Street, plus the extension of the street to USH 41 near Miller Park. However, the provision that authorized the state assistance did not provide for the extension of the street. This item would broaden the purposes for which the funding could be provided by including the extension of the street, but would not provide additional funding for the project. The Department has already entered into a grant agreement for the entire \$10 million with the City on the project that limits the state's role to the portion of the project that involves the reconstruction of the existing street.

[Act 33 Section: 423, 1674, 1724, and 2814]

13. OUTDOOR ADVERTISING SIGNS ON DESIGNATED SCENIC BYWAYS [LFB Paper 763]

Governor: Specify that provisions that allow certain types of signs to be erected and maintained along interstate and federal-aid highways (as exceptions to a general prohibition against the erection and maintenance of signs along such highways) do not apply to the following types of signs in an area adjoining a portion of the highway that is designated by the Department as a scenic byway: (a) signs located in business areas; (b) signs on farm buildings that are utilized by owners of the building for agricultural purposes, if the signs promote a Wisconsin agricultural product; and (c) signs erected prior to October 14, 1997, by the Crime Stoppers organization. The effect of this provision would be to prohibit the erection or maintenance of these signs along highways designated as scenic byways. Modify the definition of the term "primary highway" to conform with current federal law by including highways designated by DOT and approved by the appropriate authority of the federal government as: (a) a part of the federal-aid primary system in existence on June 1, 1991; or (b) a part of the national highway system under federal law. Modify the provision that generally prohibits the erection and maintenance of signs to conform with this definitional change, by replacing the term "federal-aid highways" with the term "primary highways."

Specify that DOT must provide just compensation for signs that are removed or relocated, are not in conformity with advertising sign provisions, and that were lawfully in existence on land adjoining that portion of an interstate or primary highway that was designated by the Department as a scenic byway after the effective date of the bill.

Current federal law requires any state that administers a state scenic byways program to prohibit advertising signs, with certain exceptions, along interstate and primary highways that are designated by the state as scenic byways. Current federal law also requires the Federal Highway Administration (FHWA) to withhold 10% of certain categories of the state's federal highway aid from any state that FHWA determines "has not made provision for effective

control of the erection and maintenance" of signs along the Interstate system and the primary system, which would result in an annual loss to Wisconsin of about \$45 million to \$50 million in federal highway aid. This item is intended to bring state law into compliance with the specific restrictions related to scenic byways. However, DOT indicates that the bill may need to be modified to comply fully with federal law and may also be more restrictive than necessary in certain of its provisions.

States can receive federal discretionary grants under the scenic byways program to fund a variety of types of projects on highways that the state designates as scenic byways. The 1999-01 biennial budget established a state scenic byways program, although the only highway in the state that has been designated as a scenic byway to date is the Great River Road in western Wisconsin.

Joint Finance/Legislature: Delete provision.

14. TRAFFIC SIGNALS IN ROCK COUNTY

Joint Finance/Legislature: Require DOT to install traffic control signals at the intersection of Inman Parkway and USH 51 in the Town of Beloit in Rock County by June 30, 2004.

Veto by Governor [B-39]: Delete provision.

[Act 33 Vetoed Section: 9153(1j)]

Motor Vehicles

1. VEHICLE EMISSION INSPECTION PROGRAM

	Governor (Chg. to Base)	Senate/Leg. (Chg. to Gov)	Net Change
SEG-REV	\$0	\$6,321,700	\$6,321,700
SEG	\$6,321,700	\$0	\$6,321,700
FED	<u>- 1,187,900</u>	<u>0</u>	<u>- 1,187,900</u>
Total	\$5,133,800	\$0	\$5,133,800

Governor: Provide increased funding of \$2,566,900 FED in 2003-04 and \$6,321,700 SEG from the petroleum inspection fund in 2004-05 for increased contract costs to administer vehicle emissions tests under the vehicle inspection and maintenance program. Decrease funding by \$3,754,800 FED in 2004-05 to eliminate base federal funds for the program in that year. Create a new, annual appropriation from the petroleum inspection fund for the vehicle inspection and maintenance program.

The Department has recently entered into a new contract covering a period slightly over five years. Under the contract, the state's payment is established at \$14,203,344 in each of the five years, which is \$2,566,844 more than the amount of base funding for contract costs. This item would provide an increase sufficient to pay the additional contract costs using federal congestion mitigation and air quality improvement (CMAQ) funds in 2003-04. In 2004-05, however, these federal funds can no longer be used for the program, so the bill would use a new appropriation of petroleum inspection funds to provide the increase and to replace base FED funds of \$3,754,800. In 2004-05, therefore, the contract would be funded with an appropriation of \$6,321,700 SEG from the petroleum inspection fund and an appropriation of \$7,881,700 SEG from the transportation fund.

Senate/Legislature: Delete the petroleum inspection fund appropriation for the program and, instead, create an appropriation from the petroleum inspection fund for making a transfer to the transportation fund. Provide \$6,321,700 in 2004-05 in this transfer appropriation (the fiscal effect is shown under Miscellaneous Appropriations) and provide an increase of \$6,321,700 in 2004-05 in the existing transportation fund appropriation for the emission inspection program. Increase estimated transportation fund revenue by \$6,321,700 in 2004-05 to reflect the transfer from the petroleum inspection fund.

[Act 33 Sections: 670r and 848j]

2. DIVISION OF MOTOR VEHICLES BASE BUDGET REDUCTIONS [LFB Paper 770]

SEG	- \$2,065,300
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Governor/Legislature: Reduce funding for the Division of Motor Vehicles by: (a) \$838,900 in 2003-04 to reflect the elimination of the Division's new-employee recruit class training in that year; (b) \$513,200 annually to reflect the elimination of funding for the replacement of red-lettered license plates with new, black-lettered plates; and (c) \$100,000 annually to reflect a 26.5% reduction in the Division's budget for limited-term employee (LTE) staff. LTE staff are used by the Division primarily to handle periodic or seasonal increases in workload. This item is one of several measures identified by the administration to generate savings of \$15,000,000 annually from DOT appropriations for the purpose of transferring this amount to the general fund. The Division of Motor Vehicles would also be affected by other initiatives (summarized separately) that would eliminate certain positions and reduce out-of-state travel on a Department-wide basis. The Division would not hold a new employee training course in 2003-04, in part, because the bill would eliminate a total of 66.5 vacant Division positions during the biennium.

3. CONVENIENCE FEES FOR CREDIT CARD PAYMENTS [LFB Paper 771]

Governor: Authorize DOT, if the Department permits the payment of single trip oversize and overweight permit fees by telephone or the internet using a credit card, to charge an additional fee for each transaction. Specify that the additional fee shall be established by rule

and shall approximate the cost to the Department of providing the service. Authorize DOT to require any applicant for an annual, consecutive monthly, or multiple trip oversize and overweight permit to pay the cost of any special investigation undertaken to determine whether a permit should be approved or denied and to pay an additional fee of \$5 per permit if a telephone call-in procedure is used for the permit. This currently applies only to applicants for a single trip permit.

Modify DOT's PR appropriation for the collection of credit card transaction fees on vehicle registration renewals conducted by telephone to: (a) increase the type of revenues that are credited to the appropriation to include internet and telephone credit card transaction fees associated with any motor vehicle or driver licensing fee and any money received for convenience fees; and (b) specify that the appropriation is for the purpose of paying vendor and internet charges, instead of, under current law, for the administration of registration renewals conducted by telephone.

DOT indicates that the intent of this provision is to allow the Department to charge a fee for credit card transactions involving single trip and annual, consecutive monthly, and multiple trip oversize and overweight permits in order to cover administrative costs, such as the credit card charges. Technical modifications to the bill would be required to accomplish this intent.

Joint Finance/Legislature: Make technical modifications to the bill to accomplish the intent of the provision. Modify the provision to allow DOT to establish by rule the fee for the use of the telephone call-in procedure for permits, in addition to the credit card convenience fee.

[Act 33 Sections: 434 and 2604]

4. OVERSIZE/OVERWEIGHT VEHICLE PERMIT SURCHARGE

SEG-REV	\$807,400
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[LFB Paper 772]

Governor/Legislature: Extend the sunset date of a 10% surcharge on oversize/overweight permit fees from June 30, 2003, to June 30, 2005. Increase estimated transportation fund revenue by \$403,700 annually to reflect a continuation of this fee during the biennium. The 10% surcharge was created by 1999 Act 9 in conjunction with a provision that provided funding for an automated electronic permit issuance system. The intent of the surcharge was to recover the cost of the system. However, the cost of the system was higher than anticipated, meaning that the full cost will not be recovered by the original surcharge. In passing the 2001-03 biennial budget bill, the Legislature increased the surcharge to 15% and extended the sunset to March 1, 2009, but the Governor vetoed these changes.

[Act 33 Sections: 2594 thru 2603]

5. **0.08 PROHIBITED ALCOHOL CONCENTRATION LAW** [LFB Paper 773]

Governor: Modify the state's operating while intoxicated (OWI) law to reduce the prohibited alcohol concentration for persons who have one prior OWI conviction or no prior convictions from 0.10 to 0.08. Current law prohibited blood alcohol concentrations for persons who have two or more prior OWI convictions (0.08 for persons who have two prior convictions and 0.02 for persons who have three or more prior convictions) would remain unchanged. Modify provisions related to the separate offenses of operating a commercial motor vehicle with a blood alcohol concentration of between 0.04 and 0.10 (including related offenses of causing injury, great bodily harm, and death) and related to the operation of a motor vehicle by a person who has not reached the legal drinking age with a blood alcohol concentration of between 0.0 and 0.10, by lowering the maximum blood alcohol level range applying to these offenses from 0.10 to 0.08. Modify statutory provisions related to the prima facie effect in a legal proceeding of alcohol concentration analysis to conform with the reduction in the prohibited blood alcohol concentration. Specify that these provisions would first apply to offenses and alcohol level test refusals committed on September 30, 2003, but do not preclude the counting of other convictions, suspensions, or revocations as prior convictions, suspensions, or revocations for purposes of administrative action by DOT, sentencing by a court, or revocation or suspension of motor vehicle operating privileges.

Changes in federal law require the Federal Highway Administration to withhold a certain percentage of federal highway aid from states that do not adopt a 0.08 OWI standard by October 1, 2003. In federal fiscal year 2004, 2% would be withheld from states that are not in compliance and this amount would be increased by two percentage points annually until reaching 8% in federal fiscal year 2007 and annually thereafter. These percentages would be applied to a portion of the total federal highway aid, that, while not the whole aid amount, encompasses the major categories of aid. Based on the level of federal highway aid estimated in the bill, it is estimated that the state would lose \$8.7 million in 2004 (corresponding to state fiscal year 2003-04) and \$18.4 million in 2005 (corresponding to 2004-05). Under the federal law, any aid that is withheld may be restored in a subsequent federal fiscal year if the state enacts a 0.08 law prior to the start of that year. Withheld amounts for a given year are permanently lost, however, after a period of four years has elapsed without the state enacting a 0.08 law.

Joint Finance/Legislature: Delete provision. At the time of the Committee's action on this item a separate bill (Assembly Bill 88) that would enact the federal 0.08 requirements had passed the Assembly and had been messaged to the Senate. The Committee did not reduce FED appropriations to reflect a reduction in federal highway aid, based on the assumption that AB 88 would be passed and signed by the Governor. The bill was passed by the Legislature and signed by the Governor as 2003 Wisconsin Act 30.

6. COMMERCIAL MOTOR VEHICLE LICENSING MODIFICATIONS [LFB Paper 774]

SEG

\$201,200

Governor: Provide \$201,200 in 2004-05 to match federal funds received for performing data processing necessary to implement several changes to the state's commercial motor vehicle licensing laws in order to conform with the federal Motor Carrier Safety Improvement Act of 1999. The Department indicates that it expects to receive \$804,600 in federal funds to implement these changes, although the receipt of this amount is not reflected in bill. The federal act requires states to make these changes by September 30, 2005. Failure to adopt these changes would result in a loss of federal highway aid beginning in federal fiscal year 2006, estimated by the Department to be \$27.4 million annually. However, the Department indicates that the bill may need to be amended to fully comply with the federal law and that other changes may be desired for clarity and ease of administration.

Modify provisions related to commercial motor vehicle licensing, as outlined below. Specify that these modifications first apply, unless otherwise noted, to licenses issued or renewed on September 30, 2005, or to violations committed on September 30, 2005, with respect to provisions related to actions required as the result of motor vehicle law violations.

A. Commercial Driver's License Disqualification

Modify a provision that requires a one-year disqualification of a person's commercial driver's license operating privilege for a conviction of certain offenses committed while driving or operating a commercial motor vehicle (including OWI and hit-and-run offenses), to require, instead, a one-year disqualification for a conviction of these offenses while driving or operating any vehicle. Add the following offenses to the list of offenses resulting in a one-year disqualification: (1) operating a commercial motor vehicle either: (a) when the person's commercial driver's license is revoked, suspended, or canceled based on the person's operation of a commercial motor vehicle; or (b) when the person is disqualified from operating a commercial motor vehicle based on the person's operation of a commercial motor vehicle; and (2) causing a fatality through negligent or criminal operation of a commercial motor vehicle.

Modify a provision that requires a lifetime disqualification from commercial motor vehicle operating privileges if the person uses a commercial motor vehicle, on or after July 1, 1987, in the commission of a felony involving certain violations of controlled substance laws, to require, instead, a lifetime disqualification for the commission of such a felony using any motor vehicle.

Modify a provision that requires a 60-day commercial driver's license disqualification for two "serious traffic violations" or a 120-day disqualification for three "serious traffic violations" committed within a three-year period, where "serious traffic violations" are defined as any one of several listed offenses committed while operating a commercial motor vehicle (including speeding, reckless driving, a traffic violation resulting in a fatal accident, and other offenses related to the safe control of the vehicle), to instead define "serious traffic violations" as any of the listed offenses committed while operating a commercial motor vehicle or any of the offenses

committed while operating any motor vehicle if the offense results in the revocation, cancellation, or suspension of the person's driver's license or operating privilege. Add the following offenses that are specific to commercial motor vehicle operation to the list of offenses constituting a "serious traffic violation" for the purposes of this provision: (1) operating a commercial motor vehicle when the person has not obtained a commercial driver's license; (2) operating a commercial motor vehicle when the person does not have in his or her immediate possession the person's commercial driver's license document, including any special restriction cards, unless the person produces in court or in the office of the law enforcement officer that issued the citation, by the date that the person must appear in court or pay a fine or forfeiture with respect to the citation, a commercial driver's license document issued to the person prior to the date of the citation and valid at the time of the citation; and (3) operating a commercial motor vehicle without the proper class of commercial driver's license or endorsements for the specific vehicle group being operated or for the passengers or type of cargo being transported. Modify the offense considered a serious traffic violation for the purposes of this provision that is related to the violation of a law resulting in a fatal accident to create an exception (in addition to the current-law exceptions of parking, vehicle weight, or vehicle defect violations) for violations related to the operation of a commercial motor vehicle while the person's commercial driver's license is revoked, suspended, canceled, or disqualified. (These offenses would be covered under the provision requiring a one-year disqualification.)

Specify that a person is disqualified from operating a commercial motor vehicle under Wisconsin law if the person is disqualified by federal authorities under emergency disqualification procedures under federal law on the basis that the person's continued operation of a commercial motor vehicle would create an imminent hazard, as defined under federal law. Specify that the period of disqualification is the period determined by the federal authorities, and is effective upon receipt by the Department of a notice from federal authorities.

Modify the definition of disqualification to reflect changes that allow such disqualification for violations committed while operating any motor vehicle, instead of just those involving commercial motor vehicles.

B. Commercial Motor Vehicle Operating Privilege or Driver's License Revocation and Suspension.

Delete a provision that prohibits DOT from revoking the commercial motor vehicle operating privileges in Wisconsin of a nonresident for a conviction of an offense in another jurisdiction that is related to the operation of a vehicle while intoxicated and that, if committed in Wisconsin, would result in license revocation, thereby giving effect to a current law provision that requires the revocation of the nonresident's Wisconsin operating privileges in these cases. Delete a similar provision that prohibits DOT from suspending or revoking the commercial motor vehicle operating privileges in Wisconsin of a nonresident for a conviction in another state related to operating a vehicle with a suspended, revoked, or canceled license that, if committed in Wisconsin, would have permitted a court to suspend the person's license, thereby giving effect to a current law provision that permits DOT to suspend the person's license in these cases.

C. Fine for Operating a Commercial Motor Vehicle Under an Out-of-Service Order

Modify the fine for a violation of operating a commercial motor vehicle while under an out-of-service order (the temporary prohibition against operating a commercial motor vehicle) by establishing a minimum fine of \$1,100 (there is currently no minimum) and increasing the maximum fine to \$2,750, from the current law maximum fine of \$2,500.

D. Issuance and Renewal of Commercial Driver's Licenses and Elimination of Occupational Licenses for Commercial Driver's Licenses

Prohibit the Department from issuing a commercial driver's license to any person whose operator's license or operating privilege is revoked, suspended, or canceled.

Require DOT, before renewing any driver's license, in addition to, as under current law, prior to issuing any license, to obtain driver record information from the national driver registry and commercial driver license information system to determine whether the applicant holds a commercial driver license, or a license that is revoked, suspended, or canceled, or is otherwise disqualified. Require the Department, prior to issuing or renewing a commercial driver's license, to request the complete driving record of the person from any other state that has issued an operator's license or commercial driver's license to the person within the previous 10 years. Specify that the request of records in the case of commercial driver's licenses must be conducted within the time frames established under federal law. Specify, however, that these record checks do not apply to a renewal of a person's commercial driver's license if the Department has previously issued a renewal of a commercial driver's license after September 30, 2005, and, in connection with the previous renewal, DOT recorded on the person's driving record the date on which the operator's record check was previously performed.

Prohibit the Department from issuing an occupational license (for the restricted operation of a vehicle during a period of suspension, revocation, or disqualification) for the operation of a commercial motor vehicle and modify statutory provisions to remove references to occupational licenses for commercial motor vehicles.

E. Requirements Related to Notification of Disqualifications and Traffic Convictions and Reporting of Driver Records Upon Request

Require DOT, within 10 days after the disqualification of the holder of a commercial driver's license from operating a commercial motor vehicle for at least 60 days, or within 10 days after the revocation, suspension, or cancellation of the commercial driver's license for at least 60 days, to notify the commercial driver's license information system and, if the license was not issued by the Department, the state that issued the license, of the disqualification, revocation, suspension, or cancellation, and of the violation that resulted in the disqualification, revocation, suspension, or cancellation.

Require DOT, within 30 days after a conviction of the holder of a commercial driver's license issued by another state for violating any state or local law of Wisconsin, or any law of a federally-recognized American Indian tribe or band of Wisconsin that is in conformity with any

state law and that relates to traffic control, other than parking violations, to provide notice of the conviction to the driver licensing agency of the state that issued the license. Require DOT, within 30 days, to provide similar notice of the conviction of a person holding an operator's license issued by another state on a violation of operating a commercial motor vehicle without a commercial driver's license. Modify these notification requirements to require such notification within 10 days after conviction, effective September 30, 2008.

Require DOT, upon request and within federally-required time periods, to provide operating record file information related to traffic violations, other than parking violations, to any of the following requesters: (1) the person holding the commercial driver's license; (2) the U.S. Secretary of Transportation; (3) any employer or prospective employer of the person holding the commercial driver's license; (4) any driver licensing agency of another state or law enforcement agency; (5) any governmental entity having access to the commercial driver's license information system; or (6) any authorized agent of these requesters. Prohibit DOT from providing this operating record information to any requester other than these specified requesters.

Require DOT, upon request and within 30 days of receiving such a request, to provide to the driver licensing agencies of other states the complete driving record of any person currently or previously licensed in Wisconsin by the Department.

F. Requirements Related to the Maintenance of Driver Records

Specify that the driver record for a person holding a commercial driver's license issued by the Department shall include the following: (1) a record of any disqualification by another state or jurisdiction of the person from operating a commercial motor vehicle for at least 60 days or of the revocation, suspension, or cancellation by another state or jurisdiction of the person's commercial driver's license for at least 60 days, and the violation that resulted in the disqualification, revocation, suspension, or cancellation, as specified in any notice received from the state or other jurisdiction in conformity with federal notification requirements; and (2) a record of any violation in another state of any state or local law of that state or any law of a federally-recognized American Indian tribe or band in that state in conformity with any state law relating to motor vehicle traffic control, other than a parking violation, as specified in any notice received from the state in conformity with federal notification requirements. Require DOT to record the information relating to law violations in another jurisdiction within 10 days after receiving notice of this information. Prohibit the Department from concealing, withholding, or masking from the Department's file, or otherwise allowing in any way a person to avoid the Department's recording in the file, any information of which the Department has notice that is required to be recorded under these provisions, regardless of whether the person has obtained deferral of imposition of judgment, been allowed to enter a diversion program, or otherwise obtained delayed or suspended judgment or alternative sentencing from a court.

Specify that the driver record for a person holding a commercial driver's license issued by any state shall include a record of each violation, while operating any motor vehicle, of any state or local law of Wisconsin or any law of a federally-recognized American Indian tribe or

band in Wisconsin that is in conformity with any state law relating to motor vehicle traffic control, other than a parking violation. Require DOT to record this information in the person's driver record within 10 days after the date of conviction.

Specify that the driver record for a person holding an operator's license, other than a commercial driver's license, issued by DOT, shall include a record of any violation in another state or jurisdiction of operating a commercial motor vehicle without a commercial driver's license, as specified in any notice received from the state or other jurisdiction in conformity with federal notification requirements.

Specify that these driver record requirements (enumerated in the previous three paragraphs) shall be maintained for at least three years. Specify that statutory provisions that allow a court to expunge from the record any information about certain misdemeanors in certain circumstances do not apply to information required to be recorded in driver records under the above provisions.

G. School Bus Endorsements

Specify that an endorsement allowing the operation of a school bus that is a commercial motor vehicle may be issued only if the applicant meets all of the following requirements: (1) holds a valid commercial driver's license; (2) qualifies for a "P" endorsement authorizing the person to operate a vehicle designed to carry 16 or more passengers, including passing the knowledge and driving skills tests required for obtaining such an endorsement; (3) passes a knowledge test in compliance with federal school bus knowledge test requirements; (4) passes a driving skills test in compliance with federal driving skills test requirements, except that no additional test is required if the current test administered by DOT for school bus endorsements meets these federal requirements; and (5) meets all the current law requirements to hold a school bus endorsement, including requirements related to age, holding a valid current license, driving and criminal record, and physical condition. Modify other statutory provisions related to school bus endorsements to reflect that the issuance of a school bus endorsement for the operation of a school bus that is a commercial motor vehicle would require an applicant to meet the additional qualifications outlined above. Specify that a nonresident may operate a school bus that is a commercial motor vehicle in Wisconsin only if the person has a commercial driver's license with an endorsement that allows such operation. Specify that: (1) an instructional permit limited to school bus instructional operation entitles the permittee to operate only a school bus that is not a commercial motor vehicle; (2) an instructional permit limited to commercial motor vehicle instructional operation entitles the permittee to operate only a commercial motor vehicle other than a school bus; and (3) a combination commercial motor vehicle and school bus instruction permit entitles the permittee to operate a school bus that is a commercial motor vehicle. Eliminate obsolete language related to the operation of a school bus in Wisconsin by residents of several surrounding states prior to December 20, 1991.

H. Miscellaneous Modifications to References to Federal Law

Include the federal Motor Carrier Safety Improvement Act of 1999 in a list of federal laws with which the Department must be in compliance in the administration of commercial motor vehicle regulations. Require the Department to comply with any other applicable provision of federal law in instituting a classified driver licensing system for commercial motor vehicles. Change a reference to the Federal Highway Administration in a statutory provision related to the enforcement of commercial motor vehicle laws to the Motor Carrier Safety Administration to reflect changes in the federal agency responsible for the administration of these laws and make other modifications to cross references to federal law in the state statutes to reflect modifications to the federal law.

Joint Finance/Legislature: Make the following modifications to the provision, which are changes that have been determined to be required to fully comply with the federal law or are deletions of provisions that were determined not to be needed to comply with the federal law:

Modify provisions in the bill that would require certain periods of commercial driver's license disqualification following certain listed offenses committed while operating any vehicle (instead of only in a commercial motor vehicle, as under current law), to specify that the changes with respect to offenses committed in non-commercial motor vehicles would apply only to such offenses committed on or after September 30, 2005.

Modify provisions in the bill related to driver's license records and the sharing of driver's records with other licensing jurisdictions to: (a) require DOT to keep a record of commercial driver's license disqualifications; (b) eliminate a provision of the bill that would require the Department to keep a record, for a person holding a non-commercial driver's license, of violations of the prohibition against operating a commercial motor vehicle without a commercial operator's license that are committed in another state or jurisdiction (this reflects a determination that the Department is required to keep records of such offenses under current law); (c) eliminate a provision of the bill that would prohibit DOT from releasing records upon request except to certain specified requesters, to reflect a determination that current law restrictions on the release of information are sufficient to comply with federal law; (d) replace the phrase "other state" with the phrase "other jurisdiction" in the driver record and driver record notification provisions to reflect a determination that these provisions apply to licenses issued or applied for, or offenses committed in, Canada and Mexico, as well as other states; (e) replace the term "local law" with the term "local ordinance" to more accurately reflect the correct terminology; (f) replace the term "complete record" with the term "record" in a provision related to the supply of records to other jurisdictions to reflect a determination that federal law may not require the Department to provide every piece of information that the Department currently collects, or may in the future collect; and (g) modify a provision in the bill that would prohibit the Department from concealing, withholding, or masking information in the driver record, to more closely conform to the wording of this prohibition in federal law.

Eliminate provisions in the bill that would delete a current law provision that prohibits DOT from suspending or revoking the commercial motor vehicle operating privileges in

Wisconsin of a nonresident for certain offenses, to reflect a determination that federal license reciprocity provisions make no allowance for the suspension or revocation of a non-resident's commercial motor vehicle operating privileges if the state that issued the license to the non-resident has not suspended or revoked his or her operating privileges.

Modify a provision in the bill that, in a list of offenses that result in a 60-day commercial driver's license disqualification for two offenses and a 120-day disqualification for three or more offenses, creates an exception within one of the listed offenses related to a violation that results in a fatal accident if the violation is related to the operation of a commercial motor vehicle while the person's license is revoked, suspended, cancelled, or disqualified, to instead, specify that the exception applies only in cases where the fatality resulted from the criminal or negligent operation of a commercial motor vehicle (in this case, a longer period of disqualification would apply).

Modify provisions in the bill that create a distinction between the endorsement requirements associated with operating a school bus that is a commercial motor vehicle and the requirements associated with operating a school bus that is not a commercial motor vehicle, to: (a) eliminate changes to school bus instructional permit provisions reflecting a determination that no changes are necessary to comply with federal law; and (b) reorganize the statutory organization of the changes made by the bill to improve clarity.

Modify a current law provision that prohibits the operation of a commercial motor vehicle while ordered out-of-service to clarify that this prohibition applies while the person or the commercial motor vehicle is ordered out-of-service.

Modify various citations to federal law in the bill, generally to increase the specificity of the citation, in order to clarify the intent of the commercial driver's license provisions and avoid unintended consequences of the changes. Make other modifications to the wording of provisions in the bill to improve clarity.

[Act 33 Sections: 2512, 2513, 2522 thru 2534, 2535, 2537 thru 2551, 2552, 2553, 2555 thru 2555m, 2556, 2557, 2558 thru 2564, 2565 thru 2570g, 2571 thru 2574, 2752, 2771, 9353(2), and 9453(2)]

7. COMMERCIAL DRIVER'S LICENSE -- HAZARDOUS MATERIALS ENDORSEMENT [LFB Paper 775]

Joint Finance/Legislature: Adopt the following modifications to current law provisions related to the issuance of a commercial driver's license endorsement for the operation of a vehicle carrying hazardous materials (an "H" endorsement) to comply with recent federal regulations promulgated under the federal USA PATRIOT Act of 2001:

Prohibit DOT from issuing or renewing an "H" endorsement to a commercial driver's license unless all of the following apply: (a) the applicant has submitted to the Department one of the following proofs that the applicant is a U.S. citizen or that the applicant's permanent

presence in the U.S. is authorized under federal law: (1) a United States passport; (2) a birth certificate that bears an official seal or other mark of authentication and was issued by a state, county, municipal authority, or by a territory or possession of the United States; (3) a certification of birth abroad issued by the United States Department of State; (4) a certificate of naturalization; (5) a certificate of United States citizenship; (5) a permanent resident card or alien registration receipt card; or (6) other proof specified in 49 CFR 383.71 (a)(9); (b) if the applicant submits proof under numbers "(5)" or "(6)" above, the applicant also submits his or her Bureau of Citizenship and Immigration Services alien registration number; (c) the applicant has passed such knowledge test as the Department may require; and (d) the Department has received notice from the federal Transportation Security Administration of the Department of Homeland Security that the applicant does not pose a security threat warranting denial of an "H" endorsement, or that the applicant has received a waiver under federal provisions that allow for such a waiver. Specify, notwithstanding these provisions, that the Department may extend a commercial driver's license with an "H" endorsement until such time as the Department receives from the federal Transportation Security Administration a final notice of threat assessment or a notice of no security threat concerning the applicant, or until April 29, 2004, whichever is earlier.

Require DOT to do all of the following actions within 15 days after receiving, from the federal Transportation Security Administration, a notice associated with the corresponding action: (a) update the Department's records to reflect the notice, the issuance, denial, or cancellation of an "H" endorsement and the endorsement's expiration date; (b) notify the commercial driver's license information system of the notice and the Department's action; (c) issue the "H" endorsement, if the Department received notice that the applicant does not pose a security threat warranting denial of an "H" endorsement, or that the applicant has received an appropriate waiver; and (d) cancel or deny the "H" endorsement, if the notice is of a final administrative determination that the applicant or licensee poses a security threat warranting denial of an "H" endorsement. Require DOT to keep, in a person's driver record file, any notice from the federal Transportation Security Administration related to the person's eligibility for an "H" endorsement.

Specify that the current law provisions providing for the right to an administrative hearing on agency actions do not apply to actions resulting in the cancellation or denial of an "H" endorsement under the newly-created provisions, reflecting a requirement in the federal regulations that specifies that any such administrative hearings would be conducted by the Transportation Security Administration.

Specify that an "H" endorsement shall expire on the licensee's birthday four years after the date of issuance or renewal, except that the expiration date for an initial issuance of an "H" endorsement shall be determined as follows: (a) if the applicant's commercial driver's license expires in less than 12 months from the date that the endorsement is issued and the applicant does not renew his or her commercial driver's license at the time that the endorsement is issued, the period for which the endorsement is valid is from the date of issuance until the date that the applicant's commercial driver's license expires; (b) if the applicant's commercial driver's license expires in less than 12 months from the date that the endorsement is issued and the applicant

renews his or her commercial driver's license at the time that the endorsement is issued, the period for which the endorsement is valid is from the date of issuance until the date four years before the date on which the applicant's commercial driver's license expires; and (c) if the applicant's commercial driver's license expires 12 months or more from the date of the issuance of the endorsement and the applicant does not renew his or her commercial driver's license at the time that the endorsement is issued, the period for which the endorsement is valid is from the date of issuance until the commercial driver's license expires or the date four years before the date that the commercial driver's license expires, whichever occurs first.

Specify that the Department shall provide notice, at least 180 days prior to the expiration of an "H" endorsement, that the licensee must pass a security threat assessment screening by the federal Transportation Security Administration as part of the application to renew the endorsement. Specify that the notice must: (a) inform the licensee that he or she may commence the federal security threat assessment screening at any time, but no later than 90 days before the expiration of the endorsement; and (b) be mailed to the last-known address of the licensee. Specify that the failure to receive such a notice shall not be a defense to a charge of operating a motor vehicle without a valid operator's license. Specify that, for an endorsement that expires before May 1, 2004, the Department shall provide as much advance notice as practicable to the holder of the endorsement [in recognition of the fact that the period of time between the effective date of the provision (November 1, 2003) and the expiration of the endorsement would be less than 180 days].

Specify that the Department may require any person who holds a valid "H" endorsement on November 1, 2003, to apply for renewal of that endorsement, if the endorsement expires after November 1, 2008 (to comply with a federal requirement that an existing "H" endorsement not be valid for a period longer than five years). Specify that, in such cases, the Department shall provide notice to the licensee of the security threat assessment requirement, as outlined above. Specify that the Department may cancel the "H" endorsement of any person who fails to renew within the period specified by the Department. Specify that these special provisions for the renewal of endorsements held on November 1, 2003, do not apply to endorsements that are issued or renewed after November 1, 2003.

Prohibit DOT from issuing or renewing an "X" endorsement (a combination of an "H" endorsement and a "N" endorsement for the operation of a tank container vehicle) after November 1, 2003.

Specify that the application form for an "H" endorsement shall include all of the information and statements required under 49 CFR 1572.5 (e), including the following: (a) the list of felony criminal offenses that result in the disqualification of the "H" endorsement that are listed under 49 CFR 1572.103 (b) [includes, in the interim federal rule, various violent crimes as well as other crimes, such as sedition, extortion, identity fraud, robbery, arson, bribery, smuggling, immigration crimes, and controlled substance crimes]; (b) a statement that all of the following apply to the individual signing the application: (1) has not been convicted, or found not guilty by reason of insanity, of any of the disqualifying felony criminal offenses listed on the application [under "(a)"] in any jurisdiction during the seven-year period preceding the date of

the application; (2) has not been released from incarceration in any jurisdiction for committing any of the listed disqualifying felony criminal offenses within the five-year period preceding the date of the application; (3) is not wanted or under indictment for any of the listed disqualifying criminal offenses; and (4) is a U.S. citizen who has not renounced that citizenship, or is lawfully admitted for permanent residence to the United States; (c) a statement that the individual signing the application has been informed that state and federal law require an ongoing obligation to disclose to the Department within 24 hours if he or she is convicted, or found not guilty by reason of insanity, of any of the listed disqualifying felony criminal offenses, or has been adjudicated as a mental defective or committed to a mental institution, while he or she holds an "H" endorsement; and (d) space for the applicant's social security number. Specify that current law provisions that allow a license applicant to exclude his or her social security number from the application form for religious reasons do not apply in the case of the "H" endorsement application. Specify that if the applicant is not a U.S. citizen, but is lawfully admitted for permanent residence to the United States, the applicant shall provide the applicant's alien registration number issued by the federal Department of Homeland Security.

Require the holder of an "H" endorsement to notify the Department within 24 hours if he or she is convicted, or found not guilty by reason of insanity, of any of the disqualifying felony criminal offenses listed on the application form for an "H" endorsement, or if he or she was adjudicated as a mental defective or committed to a mental institution.

Require DOT, upon receiving a completed application form for an "H" endorsement, to immediately forward the application to the federal Transportation Security Administration. Require DOT to inform the applicant that he or she has a right to obtain a copy of his or her criminal history record by submitting a written request for that record to the federal Transportation Security Administration.

Require DOT to accept the voluntary surrender of an "H" endorsement and specify, upon accepting the surrender, that the Department shall immediately cancel the endorsement if the licensee is not eligible for the endorsement. Specify that, following such a cancellation, the Department shall update the Department's records to reflect the cancellation and notify the commercial driver's license information system of the cancellation. Specify that, following the voluntary surrender of an "H" endorsement from a person for whom the Department would not be prohibited from issuing an "H" endorsement, the Department may remove the "H" endorsement from the person's commercial driver's license as a temporary surrender, but prohibit DOT from then issuing an "H" endorsement to such a person unless the person applies for an initial issuance of an "H" endorsement.

Modify general provisions related to the transport of hazardous materials and "H" endorsements so that these provisions apply also to the transport of any quantity of material listed as a select agent or toxin under federal regulations related to potentially hazardous biological agents.

Prohibit the holder of a commercial driver's license instructional permit from transporting hazardous materials or any quantity of material listed as a select agent or toxin under federal regulations related to potentially hazardous biological agents.

Specify that these provisions take effect on November 1, 2003, or on the day after publication, whichever is later.

These changes to statutory provisions related to the transport of hazardous materials are required under interim rules, published on May 5, 2003, that were promulgated pursuant to the federal USA PATRIOT Act of 2001. States that fail to adopt these provisions are subject to the loss of federal highway aid. DOT estimates that the loss of federal highway aid under these provisions would be \$19.6 million in federal fiscal year 2004 and \$40.0 million in federal fiscal year 2005.

[Act 33 Sections: 2512m, 2521w, 2534g thru 2534k, 2536g, 2551c, 2551e, 2551j thru 2552i, 2553m thru 2554h, 2555x, 2557g thru 2557m, 2564m, 2570m, 2579m, 9153(2z), and 9453(2z)]

State Patrol

1. DIVISION OF STATE PATROL BASE BUDGET REDUCTIONS

SEG	- \$1,483,000
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Governor/Legislature: Reduce funding by \$1,122,800 in 2003-04 to reflect the elimination of the State Patrol's new recruit training course in 2003-04 and by \$180,100 annually to reflect the elimination of funding for aerial enforcement. This item is one of several measures identified by the administration to generate savings of \$15,000,000 annually from DOT appropriations for the purpose of transferring this amount to the general fund. The Division of State Patrol would also be affected by other initiatives (summarized separately) that would eliminate certain positions and reduce out-of-state travel on a Department-wide basis. The Division would not hold a new recruit training course in 2003-04, in part, because the bill would eliminate a total of 34.0 sworn positions during the biennium, as well as 20.0 other Division positions.

2. TRANSFER OF POSITIONS TO DISPATCH CENTERS

Governor/Legislature: Transfer 4.0 SEG positions and \$173,000 SEG annually from the appropriation for state highway rehabilitation to the State Patrol's appropriation and reclassify the positions as police communication officers (State Patrol dispatchers). The Department reallocated 4.0 vacant positions from the Divisions of Transportation Districts and Transportation Infrastructure Development in the fall of 2001 to meet increased workload in the dispatch centers, although the positions are still funded by those divisions. This item would

formally transfer the positions and also transfer the funding to support the positions from the appropriation for state highway rehabilitation.

3. CHEMICAL TESTING SECTION

PR	\$113,200
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Governor/Legislature: Provide \$56,600 annually for the operations of the chemical testing section of the State Patrol. The chemical testing section is responsible for the maintenance and testing of breath testing equipment used in the enforcement of the state's operating while intoxicated (OWI) laws, as well as training local and state personnel to operate that equipment. The State Patrol owns 325 breath testing machines that are used by law enforcement agencies in the state. The funding would be used as follows: (a) \$23,400 annually for hiring additional limited term employees to train law enforcement officers in the use of the breath testing equipment; (b) \$15,200 annually to pay the cost of drawing blood, if a blood alcohol test is ordered for arrests made by State Patrol officers; (c) \$10,000 annually for the maintenance of breath testing equipment, which had previously been covered by warranty; and (d) \$8,000 annually for the maintenance of preliminary breath testing equipment used by State Patrol officers to determine whether there is probable cause to make an OWI arrest. The additional funding would increase the total budget for the chemical testing section to \$1,115,600 PR annually.

The chemical testing section is funded by a portion of the revenue collected from the \$355 OWI driver improvement surcharge, which is charged upon conviction for an OWI offense.

4. STATE PATROL TRAINING ACADEMY

PR	\$200,000
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Governor/Legislature: Provide \$100,000 annually to reflect an estimated increase in tuition payments to the State Patrol training academy. The training academy is used primarily for the initial training of State Patrol recruits and the ongoing training of State Patrol personnel, but is also used to provide training to other law enforcement officers, such as DNR conservation wardens and local law enforcement officers, and for other state employees, such as Division of Motor Vehicles' employees. Non-State Patrol users of the training academy pay a tuition fee for the use of the facilities and instructors. This item would increase total tuition payments to \$474,800 annually and reflects an increase in use of the facility by non-State Patrol users.

5. FEDERAL FUNDING ADJUSTMENT

FED	\$8,390,200
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Governor/Legislature: Increase funding in the State Patrol's federal funds appropriation by \$4,195,100 annually to reflect current estimates of federal funding provided for State Patrol programs. The State Patrol receives federal funding from a variety of sources, including motor carrier safety funds, which are used to support the operations of the State Patrol's motor carrier inspectors, and the federal police corps program, which is used by the training academy to train local law enforcement officers to serve in high-crime areas.

Other Divisions

1. STANDARD BUDGET ADJUSTMENTS

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
GPR-REV	\$0		\$270,000		\$270,000	
SEG	\$30,525,500	- 1.50	-\$270,000	0.00	\$30,255,500	- 1.50
FED	- 121,855,400	- 8.55	- 18,200	0.00	- 121,873,600	- 8.55
SEG-S	52,000	0.00	0	0.00	52,000	0.00
PR	- 2,456,200	0.00	0	0.00	- 2,456,200	0.00
Total	-\$93,734,100	- 10.05	-\$288,200	0.00	-\$94,022,300	- 10.05

Governor: Adjust the base budget for: (a) turnover reduction (-\$3,482,400 SEG and -\$70,300 FED annually); (b) removal of noncontinuing elements (-\$28,600 SEG and -1.0 SEG position in 2003-04 and -\$137,300 SEG and -1.45 SEG position in 2004-05, -\$62,454,400 FED and -1.0 FED position in 2003-04 and -\$62,654,200 FED and -8.55 FED positions in 2004-05, and -\$1,250,000 PR annually); (c) full funding of continuing position salaries and fringe benefits (\$5,565,800 SEG, \$1,591,000 FED, \$10,900 SEG-S, and -\$152,500 PR annually); (d) full funding of ongoing s. 13.10 supplements (for state highway maintenance and traffic operations, \$10,000,000 SEG annually); (e) overtime (\$2,840,500 SEG, \$91,000 FED, \$14,800 SEG-S, and \$174,400 PR annually); (f) night and weekend salary differentials (\$268,200 SEG, \$5,800 FED, and \$300 SEG-S annually); (g) fifth week of vacation as cash (\$135,000 SEG and \$9,100 FED annually); and (h) full funding of lease costs and directed moves (\$18,600 SEG annually). Of the FED reductions under the removal of noncontinuing elements, \$62,400,000 annually is related to the removal of one-time federal funds earmarked for the Marquette Interchange reconstruction project and provided by 2001 Act 16 in the base year for that project.

Joint Finance/Legislature: Reduce funding by \$135,000 SEG and \$9,100 FED annually to reflect the deletion of funding for the fifth week of vacation as cash adjustment. Require DOT to lapse the SEG amounts in each year to the general fund. Increase estimated GPR-REV by \$135,000 annually to reflect this lapse.

[Act 33 Section: 9160(3f)]

2. DEPARTMENT-WIDE POSITION REDUCTIONS [LFB Paper 785]

	<u>Governor</u> <u>(Chg. to Base)</u>		<u>Jt. Finance/Leg.</u> <u>(Chg. to Gov)</u>		<u>Net Change</u>	
	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>	<u>Funding</u>	<u>Positions</u>
SEG	-\$7,681,300	- 300.50	\$0	81.80	-\$7,681,300	- 218.70
FED	0	0.00	0	- 81.80	0	- 81.80
Total	-\$7,681,300	- 300.50	\$0	0.00	-\$7,681,300	- 300.50

Governor: Delete \$3,175,700 and 142.5 positions in 2003-04 and \$4,505,600 and 300.5 positions in 2004-05 to reflect the elimination of positions in each of the Department's six divisions and its executive offices. The position reductions for each division are roughly proportional to the current position authorization by division. This item is one of several measures identified by the administration to generate savings of \$15,000,000 annually from DOT appropriations for the purpose of transferring this amount to the general fund.

In addition to eliminating deputy division administrators and deputy bureau directors (if applicable) throughout the agency, specific reductions would be made in all divisions. The Department indicates that some of the reductions would be met by eliminating vacant positions (either currently vacant or becoming vacant during the biennium), although some other reductions may require laying off employees. For positions eliminated in 2004-05, it was assumed that the positions would be eliminated in the final quarter of the fiscal year, and the savings were calculated accordingly. The following table shows the reductions and associated savings by division. Following the table is a brief description of the reductions by division.

<i>Division</i>	2003-04 Position <u>Reductions</u>	2003-04 <u>Savings</u>	2004-05 Position <u>Reductions</u>	2004-05 <u>Savings</u>
Business Management	14.00	\$315,700	25.00	\$542,900
Executive Offices	1.00	45,000	4.00	85,800
Motor Vehicles	20.00	490,600	70.50	828,700
State Patrol	16.50	620,800	54.00	993,800
Transportation Districts	54.00	1,006,200	108.00	1,334,400
Transportation Infrastructure Development	27.00	562,600	28.00	562,600
Transportation Investment Management	<u>10.00</u>	<u>134,800</u>	<u>11.00</u>	<u>157,400</u>
Total	142.50	\$3,175,700	300.50	\$4,505,600

Division of Business Management. Eliminate the deputy administrator, 50% of the training staff for information technology functions (5.0 positions), 50% of the general employee training staff (5.0 positions) in 2004-05, and 14.0 vacant positions annually.

Executive Offices. Eliminate one position each in 2004-05 in the Offices of General Counsel, Policy and Budget, and Public Affairs, and one vacant position in the Secretary's office annually.

Division of Motor Vehicles. Eliminate the deputy administrator and deputy bureau directors (3.0) in 2004-05, and a total of 20.0 vacant positions in 2003-04 and 46.5 additional vacant positions in 2004-05.

Division of State Patrol. Eliminate the deputy administrator and deputy bureau directors (2.0) in 2004-05, 10.0 sworn officer vacant positions in 2003-04 and 24.0 additional sworn positions in 2004-05, and 6.5 other vacant positions ("civilian" positions) in 2003-04 and 10.5 additional civilian positions in 2004-05.

Division of Transportation Districts. Eliminate district public information officers (5.0), the deputy division administrator, and 1.0 deputy district director in 2004-05, and 54.0 vacant positions in 2003-04 and 47.0 additional positions in 2004-05. Most of the eliminated positions in this Division are in engineering classifications. The funding and position reductions are allocated among state highway appropriations as follows: (a) \$670,800 and 36.0 positions in 2003-04 and \$842,500 and 67.33 positions in 2004-05 in the state highway rehabilitation appropriation; (b) \$335,400 and 18.0 positions in 2003-04 and \$421,200 and 33.67 positions in 2004-05 in the major highway development appropriation; and (c) \$70,700 and 7.0 positions in 2004-05 in the highway administration and planning appropriation.

Division of Transportation Infrastructure Development. Eliminate the deputy division administrator in 2004-05 and 27.0 vacant positions annually. The funding reduction shown in the table for the Division of Transportation Infrastructure Development is based on the elimination of 28.0 vacant positions annually, although the deputy division administrator would not be eliminated until 2004-05. The Department indicates that additional reductions in the Division's salary budget would be taken in order to generate the savings shown in the table.

Division of Transportation Investment Management. Eliminate the deputy division administrator in 2004-05 and 10.0 vacant positions annually.

Joint Finance/Legislature: Modify the position reduction amounts by reducing FED position authority by 52.1 positions in 2003-04 and 81.8 positions in 2004-05 and restoring SEG position authority by corresponding amounts to reflect the split-funding nature of some of the eliminated positions.

Allow DOT to submit a plan for each fiscal year of the biennium to the Joint Committee on Finance, by the date specified by the Co-Chairs for submission of requests for the third quarterly meeting of the Committee under s. 13.10 of the statutes, that contains the Department's proposal for reallocating the position reductions and the associated funding adjustments. Specify that, for each position reduction, the plans shall identify, by division, the position type and the appropriation account from which the position is currently funded. Specify that the plans may include the transfer of funds between appropriation accounts, or the reallocation of funds between expenditure categories within an appropriation account, or both, if the funds to be transferred or reallocated are to be used for salary expenses and are available as a result of cost savings realized from implementation by the Department of increased operational efficiencies. Specify that any plan submitted for 2004-05 shall include a total reduction of 300.5 authorized FTE positions in the Department by June 30, 2005.

Specify that if the Department submits a position reallocation reduction plan to the Committee and if the Co-Chairs do not notify the Department within 14 working days after the date of the submittal that the Committee has scheduled a meeting for the purpose of reviewing the plan, the Department may implement the plan. Specify that if, within 14 working days after the date of the submittal, the Co-Chairs notify the Department that the Committee has scheduled a meeting for the purpose of reviewing the plan, the Department may not implement the plan until it is approved by the Committee, as submitted or as modified.

Veto by Governor [B-38]: Delete the provision allowing DOT to submit a position reduction reallocation plan to the Joint Committee on Finance.

[Act 33 Vetoed Section: 9153(1y)]

3. DIVISION OF BUSINESS MANAGEMENT BASE BUDGET REDUCTIONS

SEG	- \$1,591,800
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Governor/Legislature: Reduce funding for the Division of Business Management by \$535,000 annually to reflect the elimination of the Department's base budget for office space renovation and by \$260,900 annually to reflect a 50% reduction in the Division's budget for limited term employee (LTE) staff. The Division uses LTE staff to supplement the work of permanent staff in each of the Division's four bureaus. This item is one of several measures identified by the administration to generate savings of \$15,000,000 annually from DOT appropriations for the purpose of transferring this amount to the general fund. The Division of Business Management would also be affected by other initiatives (summarized separately) that would eliminate certain positions and reduce out-of-state travel on a Department-wide basis.

4. FEDERAL FUNDS REDUCTION FOR DEPARTMENTAL MANAGEMENT AND OPERATIONS AND HIGHWAY ADMINISTRATION AND PLANNING [LFB Paper 764]

FED	- \$3,961,400
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Governor/Legislature: Reduce funding by a total of \$2,502,700 in 2003-04 and \$1,458,700 in 2004-05 for the Department's federal funds appropriations for departmental management and operations (a reduction of \$1,632,400 in 2003-04 and \$884,400 in 2004-05) and highway administration and planning (a reduction of \$870,300 in 2003-04 and \$574,300 in 2004-05) to reflect an estimated reduction in the amount of federal highway aid that the state will receive during the 2003-05 biennium. Under the bill, total federal highway aid will decrease from \$567,000,000 in the base year to \$501,800,100 in 2003-04 and \$527,100,100 in 2004-05, or reductions, from the base, of 11.5% and 7.0%, respectively. The two appropriations affected by this item, which support a variety of activities related to transportation planning, research, and administration in the Divisions of Transportation Infrastructure Development and Transportation Investment Management, would both be reduced, relative to the base, by 14.9% in 2003-04 and 7.6% in 2004-05.

5. REDUCTIONS FOR OUT-OF-STATE TRAVEL

SEG	- \$401,000
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Governor/Legislature: Reduce funding by a total of \$200,500 annually to reflect a 50% reduction in the out-of-state travel budgets of the Department's executive offices and six divisions. This reduction would be allocated among DOT's appropriations as follows: (a) \$106,900 annually from the departmental management and operations appropriation [for the Divisions of Business Management (\$51,300) and Transportation Investment Management (\$24,100) and the Executive Offices (\$31,500)]; (b) \$60,700 annually from the highway

administration and planning appropriation [for the Divisions of Transportation Districts (\$22,100) and Transportation Infrastructure Development (\$38,600)]; (c) \$22,800 annually from the appropriation for the Division of Motor Vehicles; and (d) \$10,100 annually from the appropriation for the Division of State Patrol. This item is one of several measures identified by the administration to generate savings of \$15,000,000 annually from DOT appropriations for the purpose of transferring this amount to the general fund.

6. INFORMATION TECHNOLOGY POSITIONS [LFB Paper 786]

	Governor (Chg. to Base)		Jt. Finance/Leg. (Chg. to Gov)		Net Change	
	Funding	Positions	Funding	Positions	Funding	Positions
SEG	-\$330,600	0.00	\$0	0.00	-\$330,600	0.00
SEG-S	<u>0</u>	<u>8.00</u>	<u>- 330,600</u>	<u>0.00</u>	<u>- 330,600</u>	<u>8.00</u>
Total	-\$330,600	8.00	-\$330,600	0.00	-\$661,200	8.00

Governor: Provide 8.0 SEG-S positions annually in DOT's data processing service center appropriation to perform departmental information technology tasks, replacing the work currently done with private computer consultants. Reduce funding by a total of \$105,600 SEG in 2003-04 and \$225,000 SEG in 2004-05 to reflect savings associated with the lower costs of hiring permanent employees to do the work now done by consultants. The reductions would be allocated among DOT's appropriations as follows: (a) \$45,600 in 2003-04 and \$97,200 in 2004-05 from the appropriation for highway administration and planning; (b) \$27,100 in 2003-04 and \$57,800 in 2004-05 from the appropriation for departmental management and operations; (c) \$21,700 in 2003-04 and \$46,200 in 2004-05 from the appropriation for the Division of Motor Vehicles; and (d) \$11,200 in 2003-04 and \$23,800 in 2004-05 from the appropriation for the State Patrol.

Joint Finance/Legislature: Reduce expenditure authority in the Department's service center appropriation for data processing by \$105,600 SEG-S in 2003-04 and \$225,000 SEG-S in 2004-05 to reflect savings associated with replacing computer consultants with permanent employees.

7. ATTORNEY POSITION FUNDING TRANSFER

Governor/Legislature: Transfer 1.0 SEG attorney position and \$110,000 SEG annually from the appropriation for state highway rehabilitation to the appropriation for departmental management and operations to make the funding of this position consistent with other departmental attorney positions. This position was created in 2001-02 to work on legal issues associated with the highway program and is currently funded with highway program funds. This item would transfer the position and funding for the position to the appropriation for departmental management and operations. A separate item would eliminate 2.0 FED attorney positions in the Department and transfer 7.0 SEG positions to DOA as part of the administration's attorney consolidation proposal.

8. CONSOLIDATION OF STATE AGENCY ATTORNEYS UNDER DOA [LFB Paper 105]

	Governor (Chg. to Base)	Jt. Finance/Leg. (Chg. to Gov)	Net Change
SEG	- 7.00	7.00	0.00
FED	<u>- 1.00</u>	<u>1.00</u>	<u>0.00</u>
Total	- 8.00	8.00	0.00

Governor: Delete 7.0 SEG and 2.0 FED positions in 2003-04 and 7.0 SEG and 1.0 FED positions in 2004-05 to reflect the consolidation of executive branch attorneys under DOA, effective the later of October 1, 2003, or the first day of the third month beginning after the bill is enacted. Reallocate \$661,700 SEG in 2003-04 and \$882,300 SEG in 2004-05 of base salary and fringe benefits funding that currently supports the 7.0 SEG attorney positions to the supplies and services budget in DOT's departmental management and operations appropriation to pay for legal services supplied by DOA. The Department's chief legal counsel position would not be subject to transfer to DOA under the Governor's recommendation.

The 2.0 FED attorney positions would be eliminated, but the funding that supports these positions would not be reallocated, and, therefore, would remain available for expenditure in the federal highway administration and planning appropriation that supports them. One of the federal positions is a project position that expires in 2004-05, and, since it is removed from the base under the standard budget adjustment for the removal of noncontinuing elements (summarized under "standard budget adjustments"), is not reflected by this item as a deletion.

Joint Finance: Delete provision. Direct the Secretary of DOA to delete 31.0 FTE executive branch agency attorney positions, other than attorney positions at the University of Wisconsin System, that are vacant on January 2, 2004, and lapse the associated budgeted non-FED salary and fringe benefits amounts to the general fund in 2003-04 and 2004-05. If fewer than 31.0 FTE agency attorney positions are vacant on January 2, 2004, authorize the Secretary of DOA to delete sufficient additional state agency attorney positions, other than at the University of Wisconsin System, to ensure the elimination of a total of 31.0 FTE state agency attorney positions. The additional fiscal effect of this position deletion requirement is reflected under "Administration -- Transfers to the Department."

Senate/Legislature: Add the Department of Employee Trust Funds and the Investment Board to the executive branch agencies that would be exempted from the attorney position deletion requirement.

Veto by Governor [D-2]: Delete all references to the word "attorney," so that the Secretary of DOA must eliminate 31.0 positions that are vacant as of January 2, 2004. Delete the exemption of the University of Wisconsin System, so that the only executive branch agencies that would be exempted from the position reductions are the Department of Employee Trust Funds and the Investment Board.

[Act 33 Vetoed Section: 9101(9x)]

9. MOTORCYCLE SAFETY PROGRAM [LFB Paper 787]

Governor: Transfer \$598,300 SEG annually from DOT's appropriation for departmental management and operations to a newly-created, annual appropriation for the motorcycle safety program. The program produces motorcycle safety educational materials and provides grants to technical colleges and private organizations to provide safety training courses for motorcyclists. The intent of this item is to transfer the base funding for the program, minus the salary and fringe benefits of the program manager, which would continue to be funded from the departmental management and operations appropriation. However, DOT indicates that the correct amount to be transferred is \$589,300, instead of \$598,300. Base funding for the program is \$654,000, of which \$64,700 is for salary and fringe benefits.

Joint Finance: Modify the provision to transfer \$589,300 SEG annually, instead of \$598,300 SEG annually. This modification, which corrects a transpositional error in the bill, would result in a reduction in the transfer to the new motorcycle safety program appropriation of \$9,000 SEG annually.

Senate/Legislature: Delete provision. [The program would continue to be funded from the departmental management and operations appropriation.]

10. INTERNET SUPPORT POSITION

Governor/Legislature: Transfer 1.0 SEG position and \$34,400 SEG annually to the departmental management and operations appropriation for the creation of an internet support position in the Division of Business Management, from other appropriations as follows: (a) 0.5 position and \$17,100 annually from the State Patrol appropriation; (b) 0.25 position and \$9,600 annually from the Division of Motor Vehicles appropriation; and (c) 0.25 position and \$7,700 annually from the highway administration and planning appropriation. The Department reallocated a total of 1.0 position from vacancies in the other divisions in 2001-02, although the position is still funded by those divisions. This item would formally transfer the position and also transfer the funding to support it from the appropriations for the transferring divisions. The remainder of the salary and other costs for the position will be funded from the base budget of the Division of Business Management. The position will maintain the Department's web site and make modifications designed to increase the provision of information and services to the public over the internet.

11. POSTAGE SERVICE CENTER

SEG-S	\$9,036,600
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Governor/Legislature: Provide \$4,564,200 in 2003-04 and \$4,472,400 in 2004-05 of expenditure authority in DOT's service center appropriation for other department services and include postage in the list of services that may be provided using this appropriation. This item would establish service center accounting for DOT's postage expenditures, but would not provide additional SEG funding for these expenditures. Under service center accounting,

postage expenditures would be handled centrally by the Division of Business Management and the Department's divisions would be charged based on their use of postage. Currently, the Division of Motor Vehicles handles all postage for the Department.

[Act 33 Section: 432]

12. FEDERAL INDIRECT COST REIMBURSEMENT APPROPRIATION [LFB Paper 788]

Governor: Create a federal, continuing appropriation for indirect cost reimbursements associated with administering federal transportation programs. Specify that the appropriation could first receive reimbursements of indirect costs incurred on the effective date of the bill. Under current law, federal reimbursements can be used for administrative purposes, program purposes, funding of positions, payment of federal aid disallowances, or other purposes authorized by law. DOT indicates that a transfer of funds from federal program appropriations to this appropriation would be requested after the federal government approves the state's plan for indirect cost reimbursement.

Joint Finance/Legislature: Delete provision.

13. ADMINISTRATIVE APPROPRIATION LAPSE

	Jt. Finance/Leg. (Chg. to Base)	Veto (Chg. to Leg)	Net Change
SEG-Lapse	\$350,000	- \$350,000	\$0

Joint Finance/Legislature: Require the DOT Secretary to ensure appropriation lapses to the transportation fund totaling \$175,000 annually from the following Department appropriations: (a) the SEG appropriation for departmental management and operations; (b) the principal SEG appropriation for the Division of Motor Vehicles; and (c) the SEG appropriation for the Division of State Patrol.

Veto by Governor [B-33]: Delete provision. The substance of this provision was eliminated through a separate veto that used selected text and digits to increase a required transfer from the transportation fund to the general fund from \$30,000,000 to \$175,000,000.

[Act 33 Vetoed Section: 9253(1x)]

14. COMPREHENSIVE PLANNING GRANTS

FED	- \$2,000,000
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Joint Finance/Legislature: Reduce funding by \$1,000,000 annually in DOT's federal appropriation for departmental management and operations to reflect the elimination of funding to make the transfer of federal highway aid funds from DOT to DOA for the provision of grants for the transportation element of local governments' comprehensive plans.